

THE CONDITION OF BRITAIN

by

G. D. H. and M. I. COLE

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PREFACE

OUR THANKS and acknowledgments are due, for facts and figures which we have quoted in this book, to His Majesty's Stationery Office, for permission to make citations from the formidable list of official publications mentioned in our list of books. We have also to thank Sir John Orr, Dr. M'Gonigle, and Mr. Colin Clark for their kindness in allowing us to make extensive use of their invaluable writings upon questions of nutrition, health and income. Where we have quoted, less extensively, without express permission we hope that we shall be pardoned by the authors, ranging from Sir Josiah Stamp and Professor Bowley to the Statistical Section of the League of Nations and the International Labour Office, upon whose publications we have laid tribute. Finally, we ask forgiveness for all the errors which we do not doubt we have committed, and express in advance our gratitude to the specialists who will in due course write and tell us where we have gone wrong. Where we have slipped up, we can offer only one excuse—sheer ignorance; for we can at any rate claim that we have not wittingly misrepresented the facts.

G. D. H. C.
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Hendon, October 1936.

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INTRODUCTION

THIS BOOK is mainly descriptive, and we have tried to make our description as objective as possible. We have presented to the best of our ability a true picture of the present condition of the British people, the good side equally with the bad, the factors making for progress equally with those wherein lies the danger of slipping back. Of course, the facts which we have set out are merely a selection; for our book has to be short enough to be easily read, and selection would still be necessary even if it were ten times as long. But in selecting we have tried to be fair; for our object is to make the truth known.

Objectivity, however, does not exclude feeling. Unless we felt strongly about the human realities which lie beneath the hard facts, we should not bother to write at all. We want the truth to be known, because we believe that the knowledge of it can serve as a stimulus to action. If we were scientific research workers engaged in original "field work" upon some particular aspect of the social problem, it might be our duty to print the bare data, and leave them to speak for themselves without any comment. Original research of this sort is indispensable both for bringing the facts to light and for establishing correlations between social phenomena of different sorts. But data presented after this fashion are usually intelligible only to the few who are equipped to understand facts presented in a technical shape, and sometimes only to specialists in a particular field.

In this book we make no claim to the discovery of new facts. All that we have attempted to do is to bring together data already gathered in by experts in a number of particular fields, and to make out of these data some sort of general picture of the condition of Britain. We have been careful moreover to present all these data in forms in which they can be readily understood by readers who have no

special technical knowledge. If the study of social realities is to lead to remedial action, the specialists in each field will need the support of a large and enlightened body of public opinion. It is doubtless mainly for the specialists to tell us by what precise measures this or that evil is to be remedied; but the specialist, however keen a reformer he may be in his own particular field, usually finds the road barred unless he can make ordinary people understand the need for his projects. It is neither possible nor desirable in a democratic community for the specialists to have the last word about what is to be done. The last word should rest with the people themselves and with their representatives. Where there is no democracy it usually rests, not with the specialists, but with the vested interests which in fact control the Government. Where democracy half-exists, as in Great Britain to-day, the people and the vested interests contend for the last word; and the chances of popular success depend mainly on the spread of clear knowledge among the people and of sympathetic co-operation between them and the scientific specialists.

As authors of this book, we lay no claim to the scientific knowledge which would have enabled us to have discovered for ourselves most of the facts which we have gathered together. We are not doctors or biologists or bio-chemists or physiologists or industrial or agricultural technicians. We claim no more than a sufficiency of economic and statistical equipment to enable us to make use of the analyses and conclusions of the various specialists where they join up with our own particular field of study—that of the social and economic problem as a whole. Our data, in each special field, come to us at second-hand. The selection, the synthesis, and the deduction alone are ours—they make up our collective picture of the general condition of the British people, and of its needs.

Working within these limitations, we depend on the adequacy of what the specialists have done; for we cannot make bricks without straw. But much of the requisite primary investigation is still undone. Despite the mass of

blue books, local government reports, bulletins of scientific and specialist societies, and books and pamphlets by private investigators, a vast social territory remains wholly unexplored. In comparison with the "natural sciences" the social sciences are still very poorly endowed. Moreover, the natural scientists and the doctors have for the most part but recently begun to pay much scientific attention to the social aspects of their own subjects: and most scientifically trained practitioners who are alive to the social aspects of their work are kept too busy handling day-to-day matters to have much time or energy left for social research. Some day—perhaps some day soon—it will be recognised as no less important for the community to endow research directed specifically to the social sciences than research in other fields. In the meantime students whose interest is mainly social are bound to labour under a serious handicap; and anyone who attempts to make a social synthesis is confronted by a host of urgent questions to which no answers have been found—or even sought.

As interpreters rather than collectors of social data, we claim a latitude of criticism wider than the specialist can usually afford to allow himself within his own field. The collector of social data has to be constantly on his guard against the intrusion of the personal factor. It is his business to gather the facts and to present them in such a way that they are available for use by other persons whose outlook may be quite different from his own. This limitation upon the "field worker" carries with it certain serious disadvantages, unless the populariser is at hand to perform the task of selective presentation in a readily intelligible form. The more careful the specialist is to observe the full proprieties of scientific analysis, the more unreadable his books are apt to seem to the main body even of the intelligent public. The scientist and the statistician are commonly accused of missing the "human touch," and of offering in their dry records of observations, in their graphs and tables of figures, and in their algebraical expressions, no more than a caricature of real life. But the scientist, intent on studying

such questions as the sufficiency of diet or house-room, or the trends of population or production or incomes, does not profess to be painting a picture of the lives of men. He is trying to set out, as accurately as he can, *some* of the facts; but in doing so he can remain fully aware of other facts and tendencies which lie outside his domain, and aware also that many of these other facts and tendencies are not susceptible—at any rate to-day—to the measuring rod of any science. The evaluation of human life as a whole is not a matter of science. But that limitation by no means diminishes the usefulness of measuring accurately whatever can be measured; for the measured facts will both suggest desirable policies in particular fields, and enter more concretely into general judgments in which they have to be somehow synthesised with other considerations inexpressible in similar terms of quantity.

The specialist, in the interests of scientific precision, has to write in the terminology of his own technique. This shuts him off from appealing to the general public. That is where the social historian—for current affairs are also history—has to come in. It is his business to re-express the analyses and conclusions of the specialists in terms which can be understood by any intelligent person who is prepared to take a little trouble. If the social historian takes proper care, this process of popularisation need not distort the conclusions of the specialists. Most things which it is important for ordinary people to know—though not quite all—can be stated in untechnical language; and most statistics can be set out in forms which involve no mathematics beyond the elementary rules of arithmetic. We have tried in this book to reduce all our data to the simplest terms compatible with fair presentation, and to use no technical word without explanation, or at all where a simpler word would do.

While, however, we have tried to present the facts simply and without distortion, our motive has been to promote knowledge not for its own sake, but with a view to action. There is to-day a vast mass of avoidable misery and

suffering in Great Britain. Some part of this is doubtless the "fault" of individuals, and is remediable, if at all, only by individual action. But a far larger part is due principally to social causes, and can be remedied only by collective action. This is already recognised over so wide a field that there is perhaps no longer so much need as there used to be for labouring the point—especially if it is made clear that collective action includes the development of popular education in all its forms and of those collective agencies which act upon the mind and spirit of the people as well as those which deal only with its bodily condition. It is admitted that, over a wide range, such things as housing, health, education, and wages and hours of labour are matters for the State. What is still not generally accepted is that the State cannot act effectively by dealing with each of these problems apart from the others in piecemeal fashion, but that the time has come for looking at the social problem as a whole and for taking action over a much wider field. It is necessary to consider such matters as malnutrition and overcrowding and ignorance in their social setting—that is, against the background of the social and economic system under which we live.

If, for example, we find that many citizens, through no fault which they can remedy by individual action, are overcrowded or underfed or ignorant of the facts of life, we are necessarily led to consider the responsibility of the social system which permits such evils. As soon as we do this, it appears that overcrowding, underfeeding and ignorance are largely, though not exclusively, the consequences of poverty—of inability to afford the means of better living. We are thereupon led to ask whether this poverty is the outcome of the niggardliness of nature, or whether it arises from our own collective failure to make full use of the resources which nature and knowledge have made ours. It becomes at once a highly relevant fact that a large part of these resources is at present lying idle, and even being allowed to rot away. We cannot ignore the wastage of human material which the present economic

system allows—the unemployment, the undertraining, the tolerance of idlers and parasites, the latitude given to inefficient persons who waste or misapply the resources of production, the rewards which accrue to monopolists for making one blade of grass grow where two grew before. There may be a sufficient defence for some, or even for all, of these apparent social abuses; but, as historians of social fact who are also necessary critics of social tendency, we are under an obligation to make sure whether these evils are really inevitable, or only consequences of a mal-adjusted social system.

Our survey of the facts is bound, then, to broaden out into a criticism, and to end at least with some shadowing forth of a constructive programme, if it appears that the social system is in conflict with the needs of good living for the people. We shall, however, approach this constructive aspect of our task only after stating, as objectively as we can, the salient facts.

We have no hope that the facts, however plainly they may reveal the existence of unnecessary poverty and suffering, will prevail upon those who hold that it matters little what happens to men's bodies provided that their souls are "saved." This ancient dualism of body and soul, long discredited by scientists and philosophers alike, has of late undergone a lurid revival at the hands of certain self-appointed "saviours," who call upon the individual to lose himself in order to find salvation in the perfect selfhood of the "Totalitarian State." This doctrine is highly convenient both to vested interests, which can use it to beat down wages, and to national *Führers* and *Duces*, who get no end of a kick out of proclaiming themselves the incarnation of the spirit of the nation. But it is none the less plainly repugnant to common sense. Man does not live by bread alone, or even by a neatly balanced diet compounded on the best scientific principles. Nevertheless, the ultimate realities which matter are not States—much less *Führers* or *Duces*—but ordinary people whose happiness and well-being do basically depend on their being well fed, well

housed and well clothed, on their possessing a reasonable knowledge of the arts of living, on their future and that of their children being tolerably secure, and on their having a sense of contributing something to the general well-being and of getting a square deal in return. There are many human values, including some of the highest, which are not summed up in this statement of basic needs. But unless these needs are satisfied, most men will have little chance of cultivating, or even of understanding, higher values. It is the chief business of society to attend to the basic health and welfare of its individual citizens. If that is done, the higher arts of living will find rich soil wherein to flourish. If it is left undone, whatever superficial "greatness" the State and its rulers may achieve, a mass of avoidable wretchedness will be left festering beneath.

At any rate, that is the point of view from which we have written this book. Society, we believe, ought to pursue as its first object, not the greatness of the State or Nation, but the happiness and well-being of the greatest number of its citizens. Among its tasks the first is to make the mass of the people as healthy and as care-free as only good nourishment and good housing and education in the arts of life can make them—together with the security that these things will remain theirs unless they forfeit them by their own cowardice. Let us by all means, in striking a balance, take full account of the "blessings" which the British people now possess; but let us be mindful at the same time both of the danger that these advantages may be lost and of the possibility of adding to them by an improved use of the resources which are at our command. The right standard for measuring social welfare is not what is, but what might be—what the advance of science has made potentially ours. As long as, by that standard, we fall short, there is work waiting to be done; and this book is meant to be not only a statement of fact, but also a call to action.

CHAPTER I: THE RICH AND THE POOR

1. The People of Britain
2. Where the People Live
3. The Occupations of the People
4. The Nation's Income
5. How the Income is Divided
6. The Class-Structure of the Nation
7. How Property is Distributed

§ I. THE PEOPLE OF BRITAIN

WHEN BENJAMIN DISRAELI published *Sybil* in 1845, he gave his story the alternative title "The Two Nations." There were, he said, two nations in England, confronting each other for the most part with mutual disapproval and lack of understanding, and incapable of living together on terms of common humanity. These two nations were the rich and the poor, and in those days the poor were very busy about something called "THE PEOPLE'S CHARTER," which was to put down the mighty from their seats and make one man as good as another by giving everybody the vote. We shall have to enquire in this book how far these two nations are with us still, after a century of rapid advance in the technical ability to create riches. Is the British people still divided by the same irreconcilable antagonisms as confronted the Chartists of 1836, or has modern "progress" succeeded, if not in obliterating the sharp distinction between the two sections of the people, at any rate in so softening antagonisms that the old indictment no longer rings true?

As we propose to enquire into the condition of the

British people, we shall devote this opening chapter to an attempt at discovering who the people are. This we shall do by dividing them into various groups, which will serve broadly to indicate their status and manner of living.

We shall ask how they are divided by age, by sex, by place of residence, by occupation or the lack of it, by the sizes of their incomes and by the forms in which these incomes are received, by their ownership of property or their failure to own any. We shall ask, too, how they are split up into families, and to what extent the numbers in the various groups are tending to rise or fall. When this has been done, we shall be in a much better position to consider how the various strata of the people live and what are the chief problems confronting us if we are desirous of improving their manner of living.

The Size of the Population. First, then, Great Britain, with Northern Ireland, is a country of approximately 47 million inhabitants. This puts it third in point of numbers among the countries of Europe—a long way behind the U.S.S.R. with its 170 millions, and some distance behind the 67 millions of Germany. Only two other European nations come near Great Britain in populousness—Italy with about 43 millions, and France with about 42. Outside Europe the United States has about 128 millions, and Japan nearly 70, while India has nearly 370 and China perhaps as many as 450 millions, though no one really knows.

But the population of Great Britain is much more closely crowded together upon its small island than are the peoples of any of these other countries except Japan, which has about the same density of population. The only more crowded countries than Great Britain are Belgium and Holland, and these are both small States which depend very greatly on their external trade. For every five square feet of ground available for occupation by a Briton in his own country—if we may call it his own—an Italian has six feet, a German six and a half, a Frenchman or an Indian

thirteen, a Chinaman about twenty-five, a citizen of the United States sixty-one, and a Soviet citizen a hundred and twenty-four, or forty-five, if territory and population outside Europe are left out of account. On the other hand, a Dutchman has only four square feet to the Briton's five, and a Belgian only three and a half. These proportions, of course, are irrespective of the extent of the cultivable, as distinct from the total, areas of the various countries, or of the dense crowding of persons in certain parts of huge countries, such as China, which include vast almost uninhabited tracts. Nevertheless, the crowding of nearly 46 million people (excluding the million and a quarter who live in Northern Ireland) on one small island is a factor of very great sociological importance, especially in connection with the supply of food and the consequent necessity for a large volume of external trade.

When the first Census was taken in 1801, the population of Great Britain was well under 11 millions. Since then it has grown fourfold, and it is still growing to-day. But of late the rate of growth has remarkably slackened; and the time is already near when we may confidently expect that the total number of inhabitants will begin to fall. No one, of course, can estimate with any high degree of accuracy the future population of this country, at any rate for any considerable time ahead; but current trends of population are undeniable facts, and it is reasonable to draw attention to what the course of population will be in the near future if the existing trends are maintained.

It will be seen from the accompanying figures that through the nineteenth century as a whole the British population was growing at an average rate of about 14 per cent every ten years. The rate of increase was slackening off in the later decades of the century; and in the first decade of the present century it was only a little over 10 per cent. Then came the Great War. The figures for 1911-1921 were affected by war casualties and by the influence of the war on marriage and fertility; but in spite of these factors the rate of increase between 1921 and 1931 showed

TABLE I
POPULATION OF GREAT BRITAIN
AT SUCCESSIVE CENSUSES,
1801-1931

		(thousands)		Decennial Increase (thousands)		Decennial Increase (per cent)
1801	..	10,472*	..	—	..	—
1811	..	11,956*	..	1,484†	..	14·1
1821	..	14,092	..	2,136	..	17·9
1831	..	16,261	..	2,169	..	15·4
1841	..	18,534	..	2,273	..	14·0
1851	..	20,817	..	2,277	..	12·3
1861	..	23,128	..	2,311	..	11·0
1871	..	26,072	..	2,944	..	12·7
1881	..	29,710	..	3,638	..	14·0
1891	..	33,029	..	3,319	..	11·2
1901	..	37,000	..	3,971	..	12·0
1911	..	40,831	..	3,831	..	10·3
1921	..	42,769	..	1,938	..	4·7
1931	..	44,795	..	2,026	..	4·8
1935 (estd.)		45,598	..	803	..	1·8 (4 years)

* These totals were both reduced by the absence of exceptionally large numbers abroad with the armed forces. The armed forces excluded from the Census numbered over 470,000 in 1801, and over 640,000 in 1811, as against under 200,000 in 1841, and about 250,000 at present.

† Including armed forces, the total increase was 1,652,000.

practically no recovery from the abnormally low level of the war decade. It is certain that for the decade 1931-41 the increase will be very much smaller still. The best known estimate, that of Dr. Leybourne, puts the total population in 1941 at only 44,840,000, which is a mere 45,000 above the total of 1931—an insignificant rate of increase.

This question of future population we shall have to consider more closely in a later chapter. For the present we must confine our attention to things as they are. We shall use the Registrar-General's estimates for 1934, which are available in a fuller form than those for 1935 and exhibit practically the same features.

For 1934 we have a total British population of approximately 45,400,000 and of these rather less than 21,800,000 are men and boys and rather more than 23,600,000 women and girls. This excess of female population is a familiar fact, due to the greater average longevity of women and especially to the larger proportion of deaths among males in the earlier age groups. Actually, males are in a majority among infants and children of school age; but this majority gradually tapers away until there is a very large preponderance of women in the older groups.

Distribution According to Age. Young children of under five years make up about 7 per cent of the total population, whereas a hundred years ago they made up between 13 and 14 per cent. This, of course, is one of the consequences of the declining birth rate, which even the very steep fall in infant mortality has not been nearly enough to offset. In the decade 1871-80 the infant death rate, that is the proportion of deaths per thousand births among children of less than one year old, was 146. By 1934 the proportion had fallen to 59. But over the same period the annual birth rate fell from 35·4 per thousand of population to less than 15. In the 1870's the number of births averaged nearly 860,000 a year: in 1933 and again in 1934 it was well under 600,000. In 1934 there were nearly 3,284,000 children under five years old in Great Britain;

whereas in 1871 there were 3,527,000, although the total population was nearly 20,000,000 less.

Children between five and fifteen years old make up about $16\frac{1}{2}$ per cent of total population, whereas a century ago they made up about 23 per cent. In 1934 there were nearly 7,555,000 children in Great Britain between these ages, as against 5,707,000 in 1871—a very clear reflection, when compared with relative numbers of children under five, of the decline in juvenile mortality.

At the other end of the scale the trend is naturally very different. A century ago persons over 60 years of age made up less than $7\frac{1}{2}$ per cent of the total population. In 1934 those over 65 made up nearly 8 per cent, and those between 60 and 65 a further $4\frac{1}{2}$ per cent. The British, in common with the rest of the peoples of Western Europe, are an ageing population, looking out on the world and its problems to an increasing extent through the unadventurous eyes of age and middle age. The falling birth rate accounts for a large part of this tendency; but the increased expectation of life among adults comes into it as well. Since 1870 the crude death rate in England and Wales has fallen from 23.7 per thousand to 12.7 on the average of the years 1930–1932, while in Scotland it has fallen from 23.2 to 14. In 1933–34 the rate in England and Wales averaged only about 12. It is true that the crude death rate is now almost ceasing to fall; but this does not mean that longevity is no longer increasing. It is a natural effect of the larger proportion of older persons in the total population on which the crude rate is calculated. Between 1921 and 1933 the average expectation of life at birth increased in England and Wales from $57\frac{1}{2}$ to nearly 61 years.

These figures do not, however, mean that Great Britain is leading the world in the postponement of death. The Dutch death rate is well under 9 per thousand, as against Great Britain's 12. The Norwegian rate is about 10 and the Danish between 10 and 11. In Sweden the rate is rather over 11; and in Germany it was round about 11 until 1935 when it rose to nearly 12. It is also about 11 in the United

States. The British rates of infant mortality are also a long way above those of certain European countries, as the following figures for the years 1930-32 reveal:

TABLE II
MORTALITY RATES FOR
CHILDREN UP TO ONE YEAR OLD
Averages, 1930-32

	Males		Females			Males		Females	
Great Britain—					Norway	..	52	..	40
England and					Holland	..	55	..	42½
Wales	72	..	55		Switzerland	..	56	..	44½
Scotland	94	..	73		Sweden	..	61	..	47
Irish Free State	78	..	64		U.S.A.	..	71½	..	57½
					Finland	..	80	..	67
					France	..	86	..	68
					Denmark	..	87	..	68

On the other hand, the British death rate is definitely lower than the rates of most European countries. France has a crude death rate of between 15 and 16 per 1,000, Italy one of between 13 and 14, and Spain about the same rate as France.

The Population of Working Age. Between the children of school age and the old people comes the main body of the working population, including housewives and mothers whom the Census classifies as “unoccupied,” although most of them work very hard at home. We have seen already that nearly a quarter of the total population—actually 23·8 per cent—was in 1934 under 15, and 7·9 per cent over 65. This leaves 68·3 per cent—or rather over two-thirds—for those who can be broadly regarded as of working age, though, of course, at present many children go to work before 15 and many old people continue at work beyond 65. It will be easy to see how far the numbers thus

occupied among the old and the young offset those between 15 and 65 who for one reason or another are not at work.

Taking 10-year age groups from 15 to 65, we should expect under normal conditions to find each group definitely smaller than the one below it; for as each group gets older some of its members die, and there has been no inward migration to offset the losses arising from this cause. Actually, however, owing to war casualties and the low birth-rate of the war period, the normal progression is upset. The second of these factors accounts for the group aged 15-25 being actually rather smaller than the group aged 25-35; while the first factor, without upsetting the actual progression, has altered the relative numbers in the next higher groups. Moreover, in face of the low post-war birth-rate (after the immediate post-war "bulge") the group aged 25-35 was in 1934 almost exactly equal in numbers to the group aged 5-15—each accounting for 16.6 per cent of total population. If we take 45 as a dividing line between the prime of manhood and middle age, we find that the groups aged 15-45 together account for 46.3 per cent of total population, whereas the groups aged 45-65 together account for 22 per cent. Rather more than two-thirds of the population can thus be broadly described as of working age. But nearly 10 per cent of the total are between 55 and 65, and therefore definitely too old easily to find new jobs if they fall out of work, especially if the only hope of a new job lies in learning a fresh occupation.

In absolute numbers, this population of working age consisted in 1934 of nearly 31,000,000 persons—14,765,400 men and 16,217,800 women—a ratio roughly of 110 women to 100 men. This compares with 130 women to 100 men over 65, and with a small excess of males in the age groups under 15. In the whole population the "sex ratio" is roughly 108 females to 100 males. But the excess of women is very small in the age group 15-25, and still below average in the age group 25-35, in which it is 105 women to 100 men. Thereafter it rises sharply to about 120 to 100 in the higher groups of working age. At the ages at which most

marriages take place the excess of women is thus relatively small.

Families. The people of Britain, however, are not merely so many separate individuals of various ages and of different sexes, but are connected by family relationships. According to the Census of 1931 there were, out of a total population of rather under 45,000,000, 9,364,000 married men and 9,492,000 married women—the difference being largely due to absence of husbands abroad. Taking the larger figure, we get approximately $9\frac{1}{2}$ million married couples of all ages. In addition to these there were 828,000 widowers and 2,007,000 widows, many of whom would also be heads of families forming separate households. If all the married couples (each couple counting as one) and all the widows and widowers were regarded as heads of families, we should get a total of 12,327,000 families in Great Britain, excluding all single persons. But actually the total number of families forming separate households according to the Census definition was estimated in 1934 at 11,771,000; and this figure includes single persons occupying "households" of their own. On the other hand, it excludes all persons, including all families, living in any sort of "institution," from a hotel to an "institution" in the more usual and more sinister sense. The Census definition of a family or household, which is necessarily somewhat arbitrary, groups together all persons, including servants and lodgers, who live together, except where they fill up different forms as occupants of different "premises." Such "premises" may be no more than a single room which has been sub-let; but many lodgers are returned on the forms of the householders with whom they lodge. Thus many Census "families" include more than one married couple, and many more include single persons unrelated to the head of the household as well as relatives other than unmarried children living under a common roof.

These 11,771,000 Census "families" include over 95 per cent of the total population; for only 4.6 per cent of the

people live outside families according to the Census definition. A Census family ranges then from a single person living alone to a large group with many children and dependants or, in some cases, a considerable number of domestic servants. The average size of all "families," in this sense, is nearly 3.7 persons, and this average is fairly uniform in different parts of Great Britain, ranging from about 3.5 in London and the South of England to 4 in Scotland. But in such a matter averages are of very limited use. They may serve to indicate approximately the number of dwellings that the population needs; but they are of no use at all in prescribing of what types and sizes these dwellings need to be—for that depends both on the relative numbers of families of different sizes, and, under present conditions, still more upon their incomes. It is of far less importance to know how large the average family is than to know how many families there are of different sizes and at different levels of income, and what are the current trends towards increase or decrease in the various types of family group.

It is obvious in the first place that the decreasing fertility of marriage makes for smaller families in the ordinary sense of the term. But this factor may be in part offset if these smaller families take increasingly to sharing a single home, and so form fewer "families" in the Census sense, or if marriage is deferred, or if more lodgers are taken, in such a way as to replace Census families consisting of a single person. Evidently the number of "families" discovered by the Census is bound to depend to a considerable extent on the number of separate or easily divisible dwellings available for occupation. Thus the acute housing shortage of the years after 1918 both caused the postponement of many marriages and compelled many married couples to lodge under the parental roof, with the consequence that the number of "families" recorded in the 1921 Census was artificially depressed. The Registrar-General has estimated the number of families which were thus prevented from making their appearance in the Census Returns at about

400,000 for Great Britain as a whole. Consequently, when the housing shortage, though, of course, it still remained, had become somewhat less acute by 1931, the following Census recorded an abnormal increase in the number of "families." There were actually 20 per cent more Census "families" in Great Britain in 1934 than there were in 1921.

Even allowing for the 400,000 thwarted "families" of 1921, the increase was still about 15 per cent, as compared with a growth of rather over 6 per cent in total population. The average "family" of 1921 contained nearly 4.2 persons, as against the 3.7 of 1934. This fall, though it was partly the result of additional house-building, is nevertheless mainly an indication that a considerably larger number of houses is needed to provide for a population in which the proportion of adults to children has been increasing fast.

Over the country as a whole, the largest number of families consists of three persons. Families of this size form nearly a quarter of the total, but include less than a fifth of the number of persons living in families. Families of 2 persons account for another $21\frac{1}{2}$ per cent of the Census families and for $11\frac{1}{2}$ per cent of the persons, and families of 4 for rather over 19 per cent of the families and $20\frac{1}{2}$ per cent of the persons. Thus, nearly two-thirds of all the families consist of from 2 to 4 persons; but these account for only just over half the total number of persons living in family groups. Families consisting of a single individual number 6.7 per cent of all the families, but only 1.8 per cent of the persons: so that, although not many more than one-third of all the families consist of five or more persons, over 47 per cent, or not far short of half of all the persons included in family groups, belong to these larger families. As the majority of the large families are found among the poor, the members of this last group are naturally the principal victims of overcrowding and insanitary housing conditions. Families of 6 or 7 persons number less than 12 per cent of the total families, but they account for 20 per cent of the individuals belonging to them; and families of 8 or more account for

4·4 per cent of all the families but for 10·6 per cent of all the persons included in family groups. Thus these large-family groups together comprise 16·2 per cent of all the families, but 30·6 per cent of the family population, or practically one-third if single-person families are left out of the reckoning. There can be no doubt that, at any rate for some time to come, the tendency towards smaller families will remain in being; but the proportion of children belonging to large-family groups, in which the economic pressure is usually greatest, will remain considerable and will present a serious social problem.

§ 2. WHERE THE PEOPLE LIVE

HOW ARE THESE FAMILIES, and the individuals of whom they are made up, distributed over the country? Great Britain as a whole is a densely populated country; but like all countries it contains areas of very sparse population. Substantially more than half the people of Britain—probably not far short of two-thirds—live in largish towns of 50,000 or more inhabitants, or in the suburbs of such towns. Each of our great cities has gathered round it a group of suburbs or satellite towns, either newly built-up areas or old towns and villages which it has sucked into its orbit. Greater London, the most swollen of these urban groups, has already well over 8,500,000 inhabitants, nearly one-fifth of the total population, or more than one-fifth, if the circle is widened to include areas which are rapidly becoming suburban. Birmingham, Glasgow, Liverpool, Manchester, and Newcastle-on-Tyne are all centres of urban groups including well over 1,000,000 inhabitants. Sheffield, with the Rotherham area, is not far behind; and Edinburgh and Leeds are also centres for populations of well over half a million. South Lancashire and a large part of the West Riding of Yorkshire, Clydeside, the Black Country, Tyneside, Teesside, and the Potteries, are all areas of almost

continuous urbanisation which have engulfed a number of towns and villages. Lancashire and Cheshire as a whole have well over 2,000 persons to the square mile, whereas the Scottish Highlands have 46 and Northern and Central Wales 137. Even the South-Western counties of England have only 261, and the Eastern counties 242, though both these regions include considerable towns, such as Plymouth and Norwich.

According to the figures based on local government divisions, roughly 80 per cent of the British population is urban and 20 per cent rural. But these figures are misleading, because the "rural" areas include most of the coal-fields. The real extent of rural population can be measured better from the statistics of occupations to which we shall come later.

The Regional Movement of Population. Of all the "families" in Great Britain, nearly a third live in London and the South-Eastern counties. More than a quarter live in the "Industrial North"—Lancashire and Cheshire, the West Riding of Yorkshire, and Durham and Northumberland. About 15 per cent live in the Midlands, about 10 per cent in Scotland, and about $5\frac{1}{2}$ per cent in Wales. This leaves only 12 per cent for the rest of the country—the South-West, the Eastern counties, and the rural North, including Cumberland, Westmorland, and the rest of Yorkshire. But we must take account, not only of the regional distribution of persons and families as it was in 1934, but also of the marked tendency towards a continued shifting of population from one part of the country to another. For it is significant that of late years the number of inhabitants in certain regions, and above all in and round Greater London, has been growing out of all proportion to the increase elsewhere, whereas in certain areas, notably South Wales, the population has actually been falling.

Between 1921 and 1934 total population increased by 2,634,000, or 6.2 per cent. Of this total increase, London and the South-East—Greater London in an extended sense

—absorbed no less than 1,674,000, leaving less than one million for all the other regions. The Midlands grew by 481,000, and accounted for half the rest. Lancashire and Cheshire together, and the West Riding, each grew by roughly 150,000; but in both these regions the growth was well below the general average—4·5 per cent in the West Riding and only 2·4 per cent in Lancashire and Cheshire. In the meantime, the population of South Wales fell by 100,000, or over 5 per cent, and that of the rest of Wales also fell slightly. In Northumberland and Durham population rose by only 10,000 or less than $\frac{1}{2}$ per cent, and in Scotland by only 52,000, or just over 1 per cent. The contrast between the growth of population round London and in the rest of the country is impressive. The so-called “southward trend” of industry and population has been in fact mainly a movement into the districts round London, though the Midlands have shared in it to a much smaller extent. Relatively, if not absolutely, the rest of the country has been depopulated, though only in Wales has there been an absolute decrease.

The Industrial Movement of Population. These movements of population are, of course, closely connected with economic changes; and we cannot fully appreciate their nature until we have discussed the recent developments of the British economic system. Here it is enough to say that there has been, in the first place, a great decline in the relative importance of the major industries on which British industrial supremacy in the nineteenth century was largely based, and secondly a considerable movement of occupied population away from production in the narrower sense and towards employment in transport and distribution and the rendering of services as distinct from the manufacture of physical products. The decline of the older industries—coal, cotton, shipbuilding, and heavy engineering—has been in part offset by the rise of new industries, mostly of a lighter type—the making of motor-cars, of electrical equipment, and of minor mass-produced consumers’

goods in almost infinite variety, from cosmetics to wireless sets, and from patent foods to artificial silk stockings. The boom in house-building has carried with it a corresponding boom in the trades providing builders' equipment, furniture, and domestic requisites of every sort. To almost all these developing manufactures, except building itself, rationalised methods of mass production have been applied to a rapidly increasing extent; and therewith there has gone a very large employment of mainly unskilled and easily transferable types of labour. On the other hand, neither distribution nor personal service has yet been mechanised to any substantial extent; and accordingly the growth of these forms of "production" has involved a still larger relative absorption of labour.

Parallel with the movement out of the older skilled trades into new kinds of manufacturing industry there has been a still more rapid growth of employment in the "services." Road transport and retail distribution have both provided a large volume of new employment; and domestic service, after declining greatly during the war years, has made a rapid recovery. Successive Censuses reveal an increasing proportion of the occupied population engaged, not in making things, but in moving them about, selling them across counters, wrapping or delivering them, or making book entries about them, or in rendering services, of one sort or another, directly to the consumers.

Naturally, these auxiliary occupations flourish most where the consumers have most money to spend. The localisation of the older industries was mainly determined by the provenance of the raw materials needed for them, as in the case of coal and iron, or by the climatic conditions and the availability of water, as in the textile industries. The newer industries, on the other hand, tend to develop near their best markets, rather than near their sources of supply. Most of all, they tend to become concentrated wherever nearness to a market well supplied with purchasing power can be combined with nearness to a port which will serve both to bring in necessary materials and to afford

easy access to the markets of the world. London, pre-eminent in all these respects, accordingly exerts by far the greatest attractive power. Its attractions are, moreover, cumulative. The more industries London draws into its orbit, the greater is the inducement to other manufacturers to be drawn in too. Where industry grows, the services follow; for they will go wherever there exists the largest surplus of purchasing power beyond what is needed for buying the absolute necessities of life. The accumulation of industry and population around Greater London is easy enough to relate to its economic causes; but it presents none the less a serious problem. For, while London is enriched, the rest of the country is starved. The "depressed areas" are left derelict; and for most of their people there is no effective possibility of movement in search of the opportunities of employment which London may offer. The inhabitants of the depressed areas are left to rot away; both the people who inhabit them and the social capital invested in their common services are allowed to deteriorate. In turn, their derelict condition necessarily limits London's advance, both by restricting the total size of the market and by diverting a part of the social income of the nation to the bare maintenance of forsaken humanity in regions which were formerly the very foundations of Britain's industrial supremacy.

§ 3. THE OCCUPATIONS OF THE PEOPLE

A CONSIDERATION of the plight of the depressed areas must however be left over until we come to deal with unemployment. For the moment, let us consider the economic activity of the British people as a whole—the grouping of those whom the Census calls the "gainfully occupied," as distinct from the total population. Here we shall need to supplement the figures of the Census by those of the Ministry of Labour dealing with the occupations covered by Unemployment Insurance. According to the

Census classifications, a person is "occupied" only if he or she works for some money reward—a wage or salary, or some sort of fee or profit. Thus the vast number of housewives who carry on without pay one of the most vital parts of the national economic activity are "unoccupied" in the Census sense of the term. So are mere shareholders or bondholders in any sort of enterprise, as distinct from active employers or professional *entrepreneurs*. A domestic servant is an "occupied person"; a housewife who does the same work is not. A capitalist who runs his own business is "occupied"; a busy financier who spends his life in manipulating enterprises, without being actively engaged in their management, is likely to be classified as an "unoccupied person"—as a member of the idle rich class, however busy he may in fact be.

Occupied and Unoccupied. Bearing these definitions in mind, we can classify the population into the "occupied" and the "unoccupied." Fourteen being still the minimum age for leaving school, we had best take that rather than 15 as the dividing line between those who are "unoccupied" by reason of childhood and those who are to be assigned to the population of working age. This classification, on the basis of the Census of 1931, sets aside well over 10,000,000 children under 14, or $22\frac{1}{2}$ per cent of the total population. Of the remainder, nearly 13,600,000, or rather over 30 per cent of the total, are classified in the census as "unoccupied" and over 21,000,000, or 47 per cent of the total, as "occupied" persons.

At this point, however, it is necessary to particularise further. The "occupied" include 69 per cent of all the males, and 47 per cent of all the females over 14. Among men between 18 and 55 the occupied proportion is well over 97 per cent, sinking to 91 per cent for men between 55 and 65, and to 65 per cent for men between 65 and 70. Of men over 70 years old one-third are recorded as occupied.

Some idea of the extent of higher education can be got from the percentages for boys. Of those between 14 and

16 the occupied constitute 63 per cent, and of those between 16 and 18 no less than 88 per cent. Thus only a tiny minority of boys remain at school beyond 16, and the majority still leave at 14.

Among women the classification of housewives as "unoccupied" naturally makes the "occupied" percentages very much lower. The highest proportions of occupied women are for the age groups between 16 and 25—recorded as 76 per cent between 16 and 18, and 71 per cent between 18 and 25. Thereafter the proportion of occupied women falls sharply—to 36 per cent between 25 and 35, to 24 per cent between 35 and 45, and to about 20 per cent for the next two age groups taken together, that is from 45 to 65. Only 12 per cent of the women between 65 and 70, and only 5 per cent of those over 70, are "occupied persons." Finally, in the age group 14-16, the percentage of occupied females is 51 as against 63 for males; but it does not follow that 49 per cent of the girls between these ages remain at school, as a number of them may be kept at home without going out to work.

The "occupied population," apart from housewives, is thus rather less than half the total population. If, however, children under 14 are left out of account, the percentage occupied rises to nearly 61. The exclusion from the labour market of all persons either under sixteen or over 65 would reduce the occupied population by 1,650,000—to roughly 19,500,000 on the basis of the 1931 figures. Of course, throughout this calculation the "occupied" include the unemployed who are seeking work but are unable to get it, as well as the actually employed. They also include all types of "workers"—employers and employees, professionals and "independent workers" earning incomes of every variety of type and size.

The Economic Status of the Occupied. The Census of 1931 attempted to classify all these "occupied persons" in accordance with a new definition of economic status. In previous Censuses the category of "employers" excluded

TABLE III
RELATION OF OCCUPIED TO TOTAL POPULATION
IN GREAT BRITAIN IN 1931

Age Group	(Millions)									
	Males					Females				
	Total numbers	Numbers occupied	Percentage occupied	Total numbers	Numbers occupied	Percentage occupied	Total numbers	Numbers occupied	Percentage occupied	Total
Under 12	..	4.5	—	4.4	—	—	8.9	—	—	—
12-14	..	0.61	—	0.60	—	—	1.2	—	—	—
14-16	..	0.71	63	0.70	0.36	51	1.4	0.81	57	—
16-18	..	0.79	88	0.79	0.60	76	1.6	1.30	82	—
18-20	..	0.78	96	0.79	1.99	71	1.6	4.57	86	—
20-25	..	1.90	—	2.01	—	—	3.9	—	—	—
25-35	..	3.41	98	3.74	1.36	36	7.2	4.72	66	—
35-45	..	2.79	98	3.28	0.80	24	6.1	3.54	58	—
45-55	..	2.56	97	2.92	0.61	21	5.5	3.09	56	—
55-65	..	1.97	91	2.18	0.39	18	4.2	2.19	53	—
65-69	..	0.65	65	0.77	0.09	12	1.4	0.52	36	—
70 and over	..	0.78	33	1.12	0.06	5	1.9	0.32	17	—
	21.5	14.8	69	23.3	6.3	27	44.8	21.1	47	—

salaried managers of businesses; but the growth of joint stock enterprise has made this distinction in many cases meaningless, as a man may be a salaried manager of what is virtually his own business conducted under the form of a joint stock company. Accordingly, the new classification groups employers and managers together in a "managerial" group. This group, however, does not include "independent," or self-employing, persons, such as small shopkeepers, or farmers, or jobbing tradesmen who are not employers of labour. These come in a separate group of persons "working on own account." The employed, exclusive of those who hold managerial positions, are grouped in three categories: operatives in agriculture and fishing, other manual workers, and "black-coats." The unemployed, however, are in this case given separately as a distinct group, not subdivided among these three categories. The figures as set out in the Census of 1931 are given in the table on p. 45.

From this table it appears that well over two-thirds of the occupied population are employed manual workers. Groups 4-6 together make up over 71 per cent of the total; but these include a certain number of unemployed non-manual workers. The "black-coated" group, which includes shop assistants as well as clerks, accounts, with its unemployed members, for about 18 per cent. On the other hand, employers and managers together form only about $5\frac{1}{2}$ per cent of the total occupied population.

There remain the "independent workers." Of these more than one-quarter—actually 27 per cent—are small shopkeepers, and another 5 per cent hawkers. The rest are more difficult to classify; but on the basis of Professor Bowley's estimates it is fairly safe to assume that at least half the entire group earns no more than the general run of skilled manual workers, and belongs by economic status much more with the working class than with the "capitalist" group. Even if we prefer to grade most of the "independent workers" as an intermediate category with the black-coats, we get a final grouping of about 6 per cent "employers," 70 per cent

TABLE IV
ECONOMIC STATUS OF THE
OCCUPIED POPULATION OF
GREAT BRITAIN IN 1931

(000's omitted)

	Males	Females	Total	Per cent of total
1. Managerial	1,029	152	1,180	5.5
2. Working on own account	922	351	1,273	6.0
3. Clerical, commercial, and professional ..	2,207	1,491	3,698	17.3
4. Agriculture and Fishing (operatives)	892	44	936	4.4
5. Other manual workers (including armed forces)	8,035	3,678	11,713	54.9
6. Unemployed	1,968	557	2,525	11.8
	<hr/> 15,053	<hr/> 6,273	<hr/> 21,326 *	<hr/> —

* This total is larger than that given in the previous table because it includes those serving in the armed forces abroad and those away on board ship at the time of the Census. These groups number about 250,000, mainly in Group 5.

“proletariat,” and 24 per cent “intermediates.” The numerical preponderance of the manual workers in the occupied population is thus overwhelming, despite the rapid growth in recent years of the numbers of black-coated workers.

Their Occupations. What occupations do all these persons follow? The Census, in arranging the figures, uses two different classifications, by industry and by occupation. The difference between them can easily be made clear by an example. A blacksmith working at a coal mine will appear as a mining worker in the industrial classification, but as a metal worker in the occupational classification. As we are at present concerned with persons rather than with industries, the latter seems, for our purpose, the better classification to use. It has been employed in the accompanying table.

From this table it appears that, out of roughly 21,000,000 occupied persons, only a little over $7\frac{1}{2}$ millions are engaged in industrial production, and under $1\frac{1}{2}$ million in agriculture and fishing. To these, however, we must add the greater part of the miscellaneous group, and so bring the total up to about $10\frac{1}{2}$ millions, or 50 per cent of the whole. Thus the “producers” in the narrow sense of the term are roughly equal in numbers to the “non-producers.” Of the latter, transport and communication account for rather under 2 millions. Distribution, including warehouse workers, but excluding clerks, accounts for nearly $2\frac{1}{2}$ millions, and clerical and commercial occupations, including the public services, for 2 millions more. The personal service group, including over $1\frac{1}{2}$ million indoor domestic servants, mounts up to $2\frac{3}{4}$ millions. The 841,000 professionals and the “non-producers” in the miscellaneous group bring up the total to about $10\frac{1}{2}$ million “non-producers.”

It is not of course argued that this distinction between “producers” and “non-producers” has any substantial economic value, or even that the line between the two

TABLE V

OCCUPATIONAL GROUPING OF
THE OCCUPIED POPULATION OF
GREAT BRITAIN, 1931

(figures in thousands)

GROUP I. INDUSTRIAL POPULATION

	Man- gerial	Own Account	Opera- tives	Unem- ployed	Tota
Metal workers	56	36	1,248	335	1,675
Mining and By-products ..	9	0.4	901	210	1,120
Building and Contract work- ers (except wood workers)	65	40	823	152	1,080
Textile workers	19	3	762	202	986
Clothing workers	44	107	668	60	879
Wood workers	25	34	436	90	584
Printing, Paper, and Photo- graphic workers	21	6	275	24	327
Food, Drink, and Tobacco workers	38	14	206	30	289
Electrical workers	9	5	195	22	232
Brick, Pottery, and Glass workers	5	0.4	84	15	104
Chemical workers	7	0.3	37	4	49
Other Manufacturing workers	17	15	183	35	250
	315	261	5,818	1,179	7,575

GROUP II. AGRICULTURE AND FISHING

Agricultural workers ..	188	129	737	58	1,113
Gardeners and Florists ..	12	38	177	12	240
Fishermen	2	14	22	7	45
	202	181	936	77	1,398

TABLE V (*continued*)

GROUP III. TRANSPORT AND COMMUNICATION

	Man- gerial	Own Account	Opera- tives	Unem- ployed	Total
Railway workers*	2	—	292	10	305
Road Transport workers ..	34	40	620	75	768
Water Transport workers, in- cluding Dockers	7	3	214	81	305
Communications and Mis- cellaneous	14	3	407	29	452
	57	46	1,533	195	1,830

* Excluding clerks, engineering workers and others assigned to other occupational groups. The total of railway employees in 1931 was 615,600.

GROUP IV. COMMERCIAL, FINANCIAL AND CLERICAL

Commercial workers, ex- cluding Clerks	347	463	1,242	125	2,176
Financial and Insurance workers, excluding Clerks	41	9	87	6	142
Public Administration, ex- cluding Clerks and Profes- sionals	0.1	—	124	1	125
Clerks, Draughtsmen, and Typists	29	1	1,415	77	1,522
Warehouse workers and Packers	4	0.4	398	46	449
	421	473	3,266	255	4,414

GROUP V. PROFESSIONAL

Medical Practitioners	4	20	9	0.3	33
Sick Nurses	3	13	117	7	139
Analytical Chemists and Metallurgists	0.4	0.3	15	0.9	16
Professional Engineers	5	3	30	1	39
Authors and Journalists	0.8	5	14	0.8	21
Artists	0.7	8	7	1	17
Teachers	5	8	277	4	295
Others	31	49	195	6	281
	51	106	664	21	841

TABLE V (*continued*)

GROUP VI. PERSONAL SERVICE AND ENTERTAINMENT

			Man- gerial	Own Account	Opera- tives	Unem- ployed	Total
Entertainment and Sport	..		13	18	69	24	125
Indoor Domestic Servants	..		—	0·2	1,436	117	1,554
Laundry Workers and Dry Cleaners	..	..	8	7	132	9	156
Hairdressers and Chiropodists			12	24	50	5	92
Caretakers and Charwomen	..		—	2	210	13	226
Hotel, Restaurant, and Insti- tutional workers	..	..	92	125	189	37	443
Others	..	..	7	23	116	12	157
			133	200	2,203	218	2,753

GROUP VII. MISCELLANEOUS

Defence*	..	..	—	—	188	0·1	188
Stationary-engine Drivers and Motor Attendants	..	..	—	—	153	26	179
Miscellaneous workers	..		3	4	1,316	552	1,875
			3	4	1,657	578	2,242

* Not including those serving abroad at the date of the Census.

groups can be logically drawn. A cook baking a pudding is logically as much a "producer" as a baker baking a loaf; yet the one is placed in the "personal service" and the other in the "industrial production" group. The value of the distinction lies mainly in emphasising the extent to which the growing mechanisation of manufacturing processes has led to a transference of labour to other forms of employment; for the more cheaply goods can be produced in terms of labour the more of their incomes will those who have a surplus over absolute needs spend on services as contrasted with physical commodities. As productivity rises the relative importance of the "services" rises with it, and a larger proportion of the occupied population becomes engaged not in manufacture or mining or agriculture or fishing, but in transport, distribution, personal and professional services, or in making book entries incidental to the exchange of goods and services.

Economic Status in Various Industries. Another point which emerges very clearly from the figures is the very large difference between the various occupations in the relative numbers of managerial, independent, and operative workers. In mining there are less than 9,000 managerial workers out of a total personnel of 1,120,000 (in coal mining alone, no more than 4,500 out of over 1,000,000). Independent workers, too, appear hardly at all in the mining group. In building and contracting, on the other hand, there are 65,000 managerial and 40,000 independent workers out of a total of 1,080,000. In agriculture, naturally, the continued prevalence of small-scale farming causes these two grades to be relatively still more numerous—188,000 managerial workers, or farmer-employers, and 129,000 "workers on own account," or small farmers and smallholders, out of a total personnel of 1,113,000. In distribution, again, the shopkeepers and managers of branch shops are responsible for a similarly high figure for the managerial and independent grades—347,000 and 463,000 respectively out of a total of 2,176,000. The professional group naturally

shows a high proportion of "workers on own account"; but it is notable how many even in this group are classified as "operatives"—that is, employed persons—a clear sign of the great development of salaried professional employment which has taken place in recent years.

Among the industrial groups, metal-working is easily the largest—an indication of the highly mechanised character of the modern economic system. If, however, the building and contracting and the wood-working groups are added together, they come only a little way behind the metal-workers, partly on account of the very great activity of house-building and road-making in recent years, but also because these occupations have as yet been subjected to relatively little mechanisation. If textiles and clothing are treated as a single group, they actually take the lead of all the groups in industry proper, though the relative importance of textiles has shrunk considerably with the decline of exports since the war. Mining is the remaining industrial group with over a million workers; but it too is shrinking, and has shrunk further since 1931. Agriculture also is employing less workers despite the stimulants recently applied to it by way of subsidies and protective restrictions on imports.

In the remaining classes of occupations, distribution is easily the largest group—larger too than any group belonging to the "productive" classes. Clerical workers and domestic servants are the two next largest—each over 1½ million. Or, rather, they are exceeded in numbers only by the miscellaneous unclassified workers—largely casual labourers or unskilled workers unattached to any definite occupation. The great number of these unclassifiables, and the high percentage of unemployment among them, are serious social facts, to which we shall have to recur later on.

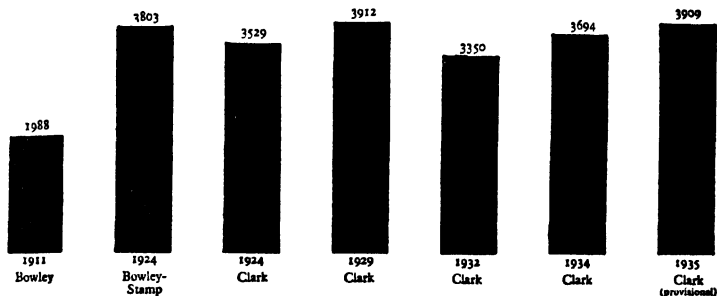
§ 4. THE NATION'S INCOME

WE HAVE seen how the occupied population can be sorted out into grades and classes in terms of economic status. But this classification by itself is not of much help in showing how the nation as a whole is graded in terms of riches and poverty. In the first place the figures of economic status naturally omit all those unoccupied persons who derive their status in society not from work but from the ownership of property, or of claims to a share in the national income apart from work done. Secondly, the very rough classification into managerial, independent and operative workers embraces in each class persons whose incomes are of very different sizes. Thirdly, many persons, especially in the wealthier classes, derive only a part of their incomes from work and the rest from some sort of ownership.

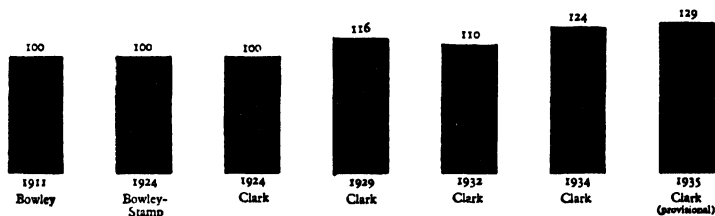
Estimating the National Income. We have now to find out, as nearly as we can, how big the "national income" is and how it is divided up among the various social groups which together comprise the "people." This cannot be at all an easy matter; for it is by no means simple either to define what we mean by the "national income" as a whole or to discover exactly how this total is distributed either among classes of persons or among categories of income.

The national income can be regarded either as a flow of money or as a flow of goods and services. In reality, it is, of course, a flow of goods and services which are either consumed and enjoyed, or "invested" in such ways as will help to produce or make available other goods and services in the future. The sole use of saving or investment is to increase the supply of goods and services for future consumption. It seems then as if we ought to consider the national income as consisting of the total supply of new goods and services becoming available for consumption

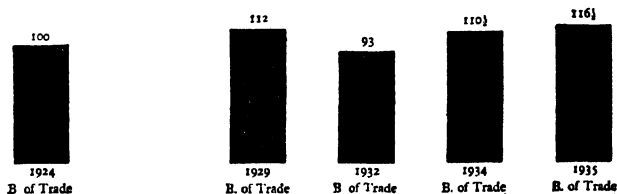
ESTIMATES OF THE NATIONAL INCOME of Great Britain and N. Ireland



(1) MONEY INCOME (£ millions)



(2) REAL INCOME (Index)



(3) INDUSTRIAL OUTPUT (Volume)

or investment over a given period of time, such as a single year.

There is, however, no way open to us at present of adding up all the supplies of various goods and services which are being currently produced, so as to arrive at a combined total. There is no direct way of adding together a pound of butter, a house, and a performance at the opera. We can only add such things together indirectly, by expressing them all in terms of some common standard of value. Money serves at present as this common standard. We are, therefore, driven to estimate the national income, just as each individual is in the habit of estimating his own income, in terms of money.

Even so, we are met at once by two difficulties. In practice a substantial part of the goods and services which we consume never comes to be reckoned in terms of money value. This applies above all to the work done by housewives and mothers, as distinct from hired "helps," in cleaning, cooking and looking after the children, in making and mending clothes, and so forth. Then there is the householder's work in garden or allotment, or in decorating the home, or helping with the housework. There is all the work people do free of charge, for all manner of societies and "causes," all the produce consumed by farmers and smallholders off their own holdings without any account being rendered of it in terms of money, and so on. It is possible to hold different opinions about the status of some of these things—to argue that some of them are "non-economic," and not to be regarded as entering into the real national income in an economic sense. Most of them, however, clearly do in fact enter in, though, as we have no way of measuring them, we shall be compelled to leave them out of our calculations.

Secondly, there is an important sense in which the total income of the nation differs from the aggregate of all the individual and corporate incomes into which it is broken up. Take, for example, a rich man with an income of £10,000, of which £2,000 is derived from holdings in

various War Loans. This £2,000 will have to come out of the proceeds of taxation; and someone, including the rich man himself, will have to pay the taxes by means of which it is raised. The £2,000 is, from the standpoint of the recipient, perfectly good money; but it does not represent any real wealth added to the available supply. It is merely a claim on the product of the national industry, not an addition to it. Similarly, the income paid out of taxation to an old age pensioner or an unemployed workman represents no addition to the national income regarded as an aggregate flow of goods and services.

Accordingly, the aggregate of individual and corporate incomes will be a good deal larger than the real aggregate income of the nation, because in the former total a fairly large fraction will have been counted twice over. By "corporate" incomes we mean here those incomes which accrue to, and are spent by, not individuals but collective bodies, such as schools and colleges, hospitals and other institutions, municipal and other public bodies, and also joint stock companies which place a part of their profits to reserve and invest these sums collectively instead of passing them on as dividends to become part of their shareholders' incomes. It is not suggested that such corporate incomes are necessarily duplications, though in part they are, but that both individual and corporate incomes include elements which have to be excluded if our aim is to arrive at an idea of the national income as an aggregate—that is, of the total money value of the supply of exchangeable goods and services made available for consumption or investment in any year, exclusive of such things as are incapable of being expressed in terms of money value.

The Bowley-Stamp Calculations. The best-known estimates of the national income, in this sense, are those made by Professor Bowley for 1911 and 1924—the latter in collaboration with Sir Josiah Stamp. These authorities give figures of £2,026 millions for 1911, and £4,188 millions for 1924; but this is before removing the duplications which

arise from the payment out of taxation of State pensions and the interest on the National Debt. After making these deductions, the totals for the two years are £1,988 millions and £3,803 millions. These figures, and the rest of the figures of national income used in this chapter, include Northern Ireland as well as Great Britain. It is not possible to make in each case a precise deduction of the sum attributable to Northern Ireland; but the reader who desires to do this with a fair approximation to accuracy should subtract about 2 per cent of the total as representing Northern Ireland's share.

According to these two estimates, which are on a comparable basis, the national income measured in money rose by about 90 per cent between 1911 and 1924. If we allow for the increase in population this is equivalent to a rise of about 85 per cent per head. But of course the level of prices was very different in the two years: so that the increase of money income by no means carried with it a corresponding increase in real income. Bowley and Stamp reached the somewhat startling conclusion that, when allowance had been made for the changes in prices, the *real* national income was no higher in the aggregate in 1924 than in 1911, and that *real* income per head was actually smaller by between 5 and 10 per cent.

Professor Bowley, in an earlier pamphlet, had attempted to measure the change in the national income over a longer period, from 1880 to 1913. He reached the conclusion that over this period as a whole *real* income per head increased by as much as one-third, but that almost all this increase occurred during the epoch of rapidly falling world prices before 1900. *Real* income per head, Bowley held, was hardly increasing at all during the dozen years or so before 1914. The reason for this startling fact—if it be a fact—is of course that the great fall in world prices between 1875 and 1896 enabled the British people to purchase very much larger quantities of cheap foodstuffs and materials abroad; whereas when prices began to rise after 1896 this advantage was gradually lost.

The Clark Estimate. Bowley and Stamp, we have seen, put the aggregate *net* national income of 1924 at £3,803 millions. But this figure is not undisputed. Colin Clark, who is the principal authority for the measurements of national income in more recent years, estimates the total for 1924 at only £3,529 millions. This does not necessarily mean that he would regard *real* incomes as having fallen between 1911 and 1924 by as much more as the difference between his money estimates and those of Bowley and Stamp would seem to involve; for Bowley and Stamp based their conclusions on an estimated all-round increase in prices of all types of goods and services of $88\frac{1}{2}$ per cent, and this may be too high. The cost of living in 1924 averaged, according to the Ministry of Labour's index number, 75 per cent above that of 1914, and wholesale prices, according to the Board of Trade, averaged about 66 per cent above those of 1913, whereas the Bowley-Stamp figure of $88\frac{1}{2}$ per cent increase between 1911 and 1924 corresponds to a figure of 76 per cent between 1914 and 1924. There is, however, no doubt that Colin Clark's figure bears out the contention that *real* income per head was substantially lower in 1924 than before the war, though 1924 was a relatively prosperous year, and in spite of the great advances in productive technique which had been made in the interval.

For our present purpose, we shall have to take Colin Clark's figure of £3,529 millions for 1924 as our basis; for only by using this estimate can we relate the situation in 1924 to that of more recent years. According to Clark's estimate, income per head of population in 1924 was £78 12s., and income per occupied person, including the unemployed, about £172 12s. Clark estimates that by 1929 total net income had risen to £3,912 millions, and income per head to £85 10s. As during these years both wholesale and retail prices had fallen considerably, the advance in *real* income would be a good deal larger than these figures show. Clark concludes that between 1924 and 1929 *real* income per head of population rose by as much as 14 per cent.

The world depression which began in 1929 naturally caused a sharp fall in the total of money incomes; for production and prices both decreased. For 1932, which can be taken as the bottom year of the slump, Clark estimates the *net* national income at only £3,349 millions and money income per head at £72 8s., both substantially smaller than in 1924. *Real* income per head fell less than this, because of lower prices. Clark puts *real* income per head, for 1932, at just under 7 per cent above the level of 1924.

After 1932 came some degree of recovery, both in Great Britain and in the world as a whole. For 1934 Clark puts aggregate net income at £3,694 millions and income per head at £79. *Real* income per head was, he thinks, by this time already nearly 19 per cent above the level of 1924. For 1935 he makes a provisional estimate that the national income was substantially higher still—£3,909 millions in the aggregate, £83 10s. per head of population, and in terms of *real* income per head well over 20 per cent above that of 1924.

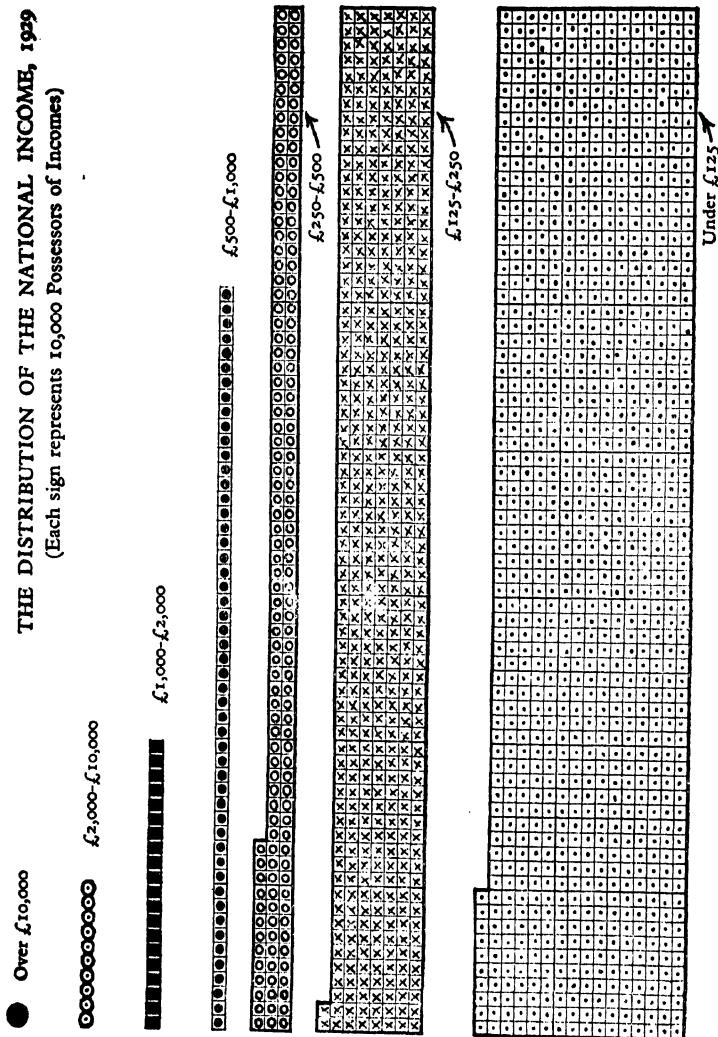
An Increased National Income? Admittedly all these figures are only rough approximations, and they include some highly conjectural elements. They are, however, the best estimates we possess, and there is no reason to doubt their general accuracy as showing the broad trend of forces. In face of world depression and widespread unemployment, which are in themselves factors making for impoverishment, the very sharp decline in the world prices of primary products, especially foodstuffs, and the rapid technological advances made in both industry and agriculture have combined to bring about a large increase in the total purchasing power of the British population. This increase has followed upon a long period during which no advance, or almost no advance, in aggregate *real* wealth was being made. In these circumstances it is not perhaps very surprising if the more fortunately situated members of the British people see nothing so very dreadful in the continuance of unemployment and suffering in the depressed areas; for

these adverse phenomena have been accompanied—for themselves—by a rapid advance in real wealth. This must be so; for if the aggregate *real* national income has grown by something near 20 per cent, while some sections of the people have admittedly suffered a serious decline in their standard of living, there must have been all the more left for dividing up among the more fortunate sections of the population. This largely explains the indifferent fatalism with which Governments composed of well-to-do persons are apt to regard the fate of the unemployed.

§ 5. HOW THE INCOME IS DIVIDED

OUR MAIN INTEREST, however, is not in the national income as an aggregate but in its diffusion among the different sections of the people. There are two ways of approaching this question—in terms of different types and of different sizes of incomes. We can ask how the whole national income is divided up into the various categories recognised by the economists—rent, interest, profits, salaries, wages, and so on; and we can ask how many of the recipients of incomes receive from all sources so much, or so little, a year. Neither of these calculations is at all easy to make with any high degree of accuracy; but it will be necessary to attempt them both.

Estimated Distribution of Incomes. Let us begin with incomes of different sizes. Here again Colin Clark is our principal authority, though we shall also use in this book certain estimates made by Sir John Orr in his book on *Food, Health and Income*. For the present we shall follow Clark. Of his various estimates we shall use that which deals with the year 1929, because this year seems likely to come nearer to representing the present distribution of incomes than estimates based on the years which immediately followed the onset of the world economic depression.



It should be made clear that this and other estimates dealing with the distribution of incomes, as they deal with incomes accruing to individuals, are not strictly comparable with estimates of the national income as a whole for the same periods. For example, an estimate of individual incomes must include the interest on the National Debt, because this appears in the statistics of income returned for income tax, and forms part of the real income of the recipients. On the other hand, the estimate of individual incomes excludes payments made to the unemployed, to old age pensioners, and to certain other groups which also receive their means of living as "doles" from the State or the local authorities.

From the table on p. 62 it appears that in 1929, before the slump set in, more than 60 per cent of all the incomes in Great Britain were under £125 a year, and less than 13 per cent were over £250. Of course these incomes include those received by working boys and girls as well as grown-up people; but there were at the Census of 1931 only a little over two million occupied persons who were under 18 years old. Moreover, the distribution of incomes given in the table does not include either the two and a half million unemployed or the pensioners, who nearly all belong to the lowest income group. Therefore, so far from exaggerating the proportion of income receivers at the bottom end of the scale, it probably under-estimates it, even after allowing for the elimination of non-adult earners.

Incomes of Rich and Poor. It will be seen that the rich—those with £2,000 a year and upwards—number only a little over $\frac{1}{2}$ per cent of all the recipients of income, but that between them they take over 16 per cent of the total national income, although of course a part of this—how much we shall try to find out in Chapter VII—is subsequently taken away from them by means of progressive taxation. The well-to-do, with incomes of £1,000–£2,000, number 1 per cent of the total recipients, and take nearly $6\frac{1}{2}$ per cent of the total income. The main body of the middle

TABLE VI
ESTIMATED DISTRIBUTION OF THE NATIONAL
INCOME IN 1929

Amount of Income	Number of Incomes in thousands	Number of Incomes as percentage of all incomes	Total Income received £ millions	Per cent of Total	Average Income in Group
Over £10,000 ..	10	0.05	221	6.0	£22,000
£2,000—£10,000 ..	100	0.5	378	10.2	£3,780
£1,000—£2,000 ..	199	1.0	237	6.4	£1,190
£500—£1,000 ..	508	2.7	312	8.4	£614
£250—£500 ..	1,527	8.1	404	10.9	£264
£125—£250 ..	4,925	26.1	980	26.5	£199
Under £125 ..	11,600	61.5	1,170	31.6	£100
Total ..	18,869	100	3,702	100	

Average income £196.

class, with incomes of £500-£1,000, number 2·7 per cent of the recipients, and take nearly $8\frac{1}{2}$ per cent of the income. The lower-middle class, including a large body of salary-earners, as well as shopkeepers, farmers, and small employers, with incomes ranging from £250 to £500 a year, makes up 8 per cent of the total number of recipients, and takes nearly 11 per cent of the total income. All these groups get more than the average income, which is rather under £200 a year.

In the next group come many of the skilled workmen who are in regular employment and most of the remaining salary-earners. Among them the number of income receivers and the proportion of total income taken nearly balance, at 26 and $26\frac{1}{2}$ per cent respectively. Finally, the bottom group, outnumbering all the rest by almost 2 to 1, gets less than one-third of the total national income. Even if the estimates are only approximately correct, the gross inequality of the existing distribution of incomes stands plainly revealed. The well-to-do, with over £1,000 a year, are only $1\frac{1}{2}$ per cent of the income receivers; but they get over $22\frac{1}{2}$ per cent of the income. The middle groups, ranging from £250 to £1,000, are rather under 11 per cent of the recipients, and get nearly 20 per cent of the income. The have-nots include $87\frac{1}{2}$ per cent of all the recipients of incomes; but they get only 58 per cent of the total income. In the light of these figures there would seem to be not so much two as three "nations" in the Britain of to-day.

Of course the incomes here reckoned are individual incomes, and it does not follow that each income has to support a family. If some families lack even a single "earner," others have more than one, so that the family income is larger than the earnings of a single worker. But of all the families in Great Britain, excluding those which have no earned income at all, about half have only one earner and another quarter two earners. About one-eighth have three earners and the remaining one-eighth four or more. But it by no means follows that, the more earners a family has, the more prosperous it is. This may be so where there

are young adults, earning a standard wage, who continue to live at home, and where these earners throw the greater part of their incomes into the family pool—which is by no means always the case. But in the majority of cases the supplementary earners are children, except in areas where it is common for married women to remain in employment. The children bring home only small wages; and often the families to which they belong have also a number of younger children to be maintained, so that income per head may work out at less in such households than in small families which have only a single earner. It is common knowledge that the typical working-class family passes through a period of relative prosperity until the children reach an expensive age, and then sometimes returns to relative prosperity as the children grow up, unless in the meantime the chief breadwinner has become a victim of trade depression or accident or ill health, or been thrown on the scrap-heap as too old for his job.

§ 6. THE CLASS-STRUCTURE OF THE NATION

IN A RECENT USEFUL VOLUME of social statistics, *The Home Market*, Major Harrison and Mr. Mitchell make an estimate of the distribution of social classes in Great Britain on a somewhat different basis from Colin Clark's. Grading the people by numbers of families instead of numbers of incomes, they reach the conclusion that in 1934 nearly 8,643,000 families, or 73½ per cent of the total, had family incomes of less than £4 a week, whereas 2,512,000 families, or 21.3 per cent, had incomes of £4 to £10 a week, and under 617,000, or 5.3 per cent, had over £10 a week. They also attempt an analysis of Great Britain on the same basis by regional areas. This reveals that the proportion of rich, middle and poor families differs appreciably from region to region. In South Wales, for example, roughly

80 per cent of all the families are assigned to the lowest grade, and only 4·8 per cent to the highest; whereas in the London and South-Eastern region only 68·2 per cent are in grade 3, and nearly 6½ per cent in grade 1. In addition to South Wales, five other regions—Lancashire and Cheshire, the North-East, Yorkshire, the Midlands, and Scotland—all show a proportion of poor families beyond the average, whereas, in addition to London, four other regions—the Eastern counties, the South-West, and the sparsely populated areas of North and Central Wales and the “Northern Rural Belt”—show an excess of rich households. But in no region do the poor households make up less than two-thirds of the total, or the rich as large a proportion as 8 per cent. As for the middle group, it ranges from over a quarter of the total in Greater London to little more than 15 per cent in South Wales.

Enough has been said to make plain how immense a social problem the present unequal distribution of incomes in Great Britain presents. But the inequality is in fact even greater than the figures which we have given suggest; for the poor tend on the whole to have larger families than the rich, and very often the smallest incomes have most dependants to support. The more poor people there are, the greater is the task of raising them to a satisfactory standard of life; and clearly no mere redistribution of the existing national income, even if it could be carried through in the most drastic fashion, could be at all an adequate way of dealing with the problem. Income—that is, real income in the terms of goods and services—needs to be increased as well as redistributed, if the problem of poverty is to be solved. But to that question we must return later on; for the present we are dealing with facts and not with remedies.

The distribution of the national income as between the rich, the comfortable, and the poor, does not of course coincide with its division into different forms or categories of income. Let us now try to see how the national income is divided up in this second way.

The Categories of Income. The principal categories of income are wages, salaries, rent of land and buildings, profits and interest. For purposes of analysis, profits and interest have to be treated as a single category, for the available figures do not make it possible to separate them. Nor is it possible to draw an exact line between wages and salaries—the line of demarcation is there a matter of opinion—or between salaries and profits—for in these days of joint stock enterprise many employers draw as salaries at least some part of the incomes which they would formerly have received as profits. We can, however, with the aid of figures compiled mainly from two sources—the income-tax returns and the wage statistics of the Ministry of Labour—get at any rate a broad notion of the relative magnitude of the different categories of income.

Here again we shall follow Colin Clark's estimates, given in his book *The National Income* and in his article in *The Economic Journal* of September 1934. Clark has indeed subsequently revised certain of his figures, but not in such a way as to upset his main conclusions, with which alone we are here concerned. It has therefore seemed best to use his original estimates, as no completely revised figures are available. His figures, based for the year 1911 on Professor Bowley's calculations, do not go further than 1931; and it seems probable that the distribution of 1929, before the world depression began, more nearly reflects the distribution of to-day than that of 1931 would do. It should be noted that in our presentation of the table we have grouped all income from abroad, which appears as a separate category in the original figures, under the heading of interest and profits, to which it nearly all belongs.

Salary-earners. The first reflection suggested by this table is that the salary-earners must be easily the most prosperous section of the British people, or at any rate must have fared much better than any other section in recent years. While the proportion of the national income accruing to the wage-earners seems to have fallen slightly

TABLE VII
ESTIMATED DISTRIBUTION OF INCOMES BY
CATEGORIES IN GREAT BRITAIN

	1911	£ millions				1929	1931	%
		%	1924	%	%			
Wages	773	38.5	1,413	39.4	1,482	1,476	40.4	
Salaries	215	10.7	741	20.7	838	851	23.3	
Rent	200	9.9	258	7.2	293	310	8.5	
Profits and Interest—								
(a) Home produced	624	31.0	989	27.6	1,106	828	22.6	
(b) From abroad	200	9.9	185	5.2	287	190	5.2	
	2,012	100	3,586	100	4,006	3,655	100	

(except in 1931, when profits were temporarily at a low level), the salary-earners have been steadily increasing their share in the total income. This share appears practically to have doubled between 1911 and 1924 and to have risen still further since 1924.

In fact, this increase in total salaries is the complex result of several processes of social and economic change. We have seen earlier that the relative number of workers engaged in actually manufacturing commodities is tending to fall, while the number occupied in distribution, in clerical work, and in the rendering of services in general, is tending to increase. This change carries with it a substantial movement out of the wage-earning into the salary-earning group, which includes clerks and shop assistants as well as professionals and officials of many sorts and kinds.

If this were the whole truth, it would be reasonable to group wages and salaries together, and to record a considerable increase in the proportion of the national income paid out as a reward for "labour," with a parallel decrease in the proportion accruing to the owners of property. For wages and salaries together accounted for less than half the national income in 1911, as against nearly 58 per cent in 1929, and 63·7 per cent in 1931.

But this is not the whole truth; for the incomes paid out as salaries include in these days the sums received by a large number of persons who would formerly have been profit-makers, but now, as a result of the conversion of many types of private business into joint stock concerns, rank as salaried managers or officials of joint stock companies. There is unfortunately no way of isolating the effects of this change, so as to determine how much of the apparent drop in the share of profits and interest in the national income is in effect illusory. The best we can do is to get some idea of the sizes of the salaries included in the salary-earners' group, and then to draw an approximate line between salaries which are large enough to place their recipients among the well-to-do, and salaries which are nearer in size to the general run of wage incomes.

Colin Clark, using certain figures dealing with the distribution of salaries which were originally compiled by Bowley and Stamp, has estimated that in 1928, out of 3,700,000 salary-earners, roughly one million were receiving salaries of more than £350 a year, and another 1½ million salaries of between £150 and £350. This leaves about 1,200,000—chiefly women and juvenile workers—who were getting less than £150 a year. There is no means of determining with any accuracy the numbers in receipt of salaries of various amounts above £350 a year; but it is clear from the general figures dealing with the distribution of the national income as a whole among incomes of different sizes (figures which we have quoted earlier in this chapter) that the vast majority of the million salary-earners who are getting more than £350 a year must belong to the group which gets less than £500. The effect of the increased proportion of the national income paid out in salaries is thus on the whole to add to the numerical importance of the middle group between the rich and the poor, though it is also clear that an actual majority of all the salary-earners, including women and juveniles, got in 1928 £4 a week or less.

Rent, Interest, and Profits. Rent, interest and profits—broadly equivalent to the share of the property-owners in the national income—together amounted in 1929 to £1,686,000, or over 42 per cent of the national income. Rent of lands and houses represented about the same proportion of the total in 1929 as in 1924—in both cases a considerably smaller fraction than in 1911. On the other hand, in 1931 the share of the rent-receivers had again increased; for during the depression the recipients of relatively fixed incomes benefited in comparison with other groups by the sharp fall in prices. Income from overseas investments also accounted for a much smaller fraction of the total in 1929 than in 1911. Before the war, income from overseas made up a substantial and rapidly growing part of the total incomes of the richer classes in Great Britain; for this form of income had been accumulating fast through

the past century, and in the decades immediately before the war the greater part of current savings was being invested abroad in pursuit of the higher profits obtainable in the newer and less developed countries. During the war a substantial fraction of these British-owned overseas investments was sold in order to finance purchases in the United States and elsewhere, so that the total receipts from overseas holdings dropped greatly. In the post-war period overseas investment was actively resumed; but there had not been time when the world slump set in for the pre-war level of real investment to be regained. Thereafter the world depression naturally hit this type of income especially hard, and there was a considerable fall in the receipts from overseas investments in 1931. Since that date, however, a good deal of the loss has been regained, as industries which were making losses have again become profitable, and as defaulting countries and enterprises have been able to resume payments. It is indeed very remarkable how little the general body of British overseas investors has suffered as a result of the world depression, either from actual repudiation or suspension of payments or from the effects of the fall in the gold value of British currency.

Home-produced profits and interest—those extracted directly from the employment of British labour or in the form of interest paid out of British rates and taxes—also represented a smaller proportion of the total national income in 1929 than in 1911, but almost exactly the same proportion in 1929 as in 1924. In 1931 they showed, owing to the depression, a further big drop; but since 1931 there has been a remarkable recovery in profits, partly offset by the fall which has taken place in the current rates of interest. According to Sir Josiah Stamp's index of profits, which is based on the relatively prosperous year, 1924, aggregate profits rose by nearly 7 per cent between 1924 and 1929, and then fell sharply to about three-quarters of the 1924 aggregate in 1932. By 1934, however, the aggregate of ten years earlier had been almost regained; and for 1935 Stamp's provisional figures show that aggregate

profits, as distinct from interest payments, were about 14 per cent above the 1924 level. This of course means a much larger increase in the *real* aggregate, in view of the substantial decline which has taken place in prices over the period covered by the figures. Stamp gives, in addition to his "special index" of profits, a more general index including the return on debentures and other relatively fixed interest-bearing securities as well as on ordinary shares. Despite the decline in interest rates, this index of aggregate returns on capital is put provisionally at 4 per cent above the 1924 level for 1935, as against 6 per cent below the 1924 level in 1934 and more than 25 per cent below it in 1932.

Profits, then, have been remarkably resilient in face of persistent unemployment and falling prices; and we can see in this resiliency a further reason for the complacency with which the possessing classes are disposed to regard the social problem. Nevertheless, the aggregate of rent, interest, and profits appears to have decreased from more than half the entire national income in 1911 to rather over 42 per cent in 1929. The share of salaries having risen meanwhile from 10.7 to 20.9 per cent, it is clear that salary-earning has to some extent replaced profit-making as a source of income. It seems probable, however, that this change has not much affected the distribution of incomes as between rich and poor, the new salary-earners being largely either persons who would in 1911 have been earning small profit incomes as petty employers or independent workers, or richer people who now draw a part of their incomes as salaries for management instead of profits of ownership in joint stock concerns. There has of course been also a substantial transference from the wage-earning to the salary-earning group of employed workers, and this is reflected in the drop of $1\frac{1}{2}$ per cent of the total national income in the share which goes to wages.

The Class System Persists. In general, then, there is no reason to suppose that, apart from the effects of

redistributive taxation applied to the social services, which we shall discuss in a later chapter, any real inroads have been made on the grossly inequalitarian structure of the British social system. Even apart from the wholesale manufacture of paupers in the depressed areas as a result of prolonged unemployment, the rich and the poor confront each other pretty much as they did before the war. The most that can be said is that there has been some increase in the size and economic importance of the middle groups, represented principally by the black-coated workers.

§ 7. HOW PROPERTY IS DISTRIBUTED

THIS CONCLUSION is confirmed when we turn from considering incomes to survey the distribution of property in Great Britain. Unfortunately, there exist no figures which enable us to say dogmatically how the ownership of property is distributed among different sections of the population; but the particulars of the estates brought under review each year on account of death duties throw a good deal of light on this question.

Property Liable to Death Duties. It will be seen from the accompanying table that in the budget year 1934-5 property with a gross value of nearly £573,000,000 was brought under review for purposes of the estate duty payable on the death of the owner. This property belonged to about 135,000 persons, who therefore left on an average £4,250 each. But of these property owners 51,900, or 38 per cent, left only small estates, with a *gross* value of less than £500, and 84,600, or 63 per cent, left under £1,000 *net* value. Another 33,500, or a quarter of the whole, left *net* amounts between £1,000 and £5,000, but these smaller property-owners, numbering 87 per cent of all those who died during the year, left considerably less than one quarter of the total property passing at death during the

TABLE VIII

NUMBERS AND VALUES OF ESTATES LIABLE TO ESTATE DUTY, 1934-35

HOW PROPERTY IS DIVIDED

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	Number of Estates	Per cent of Total Number	Total Net Value £,000	Per cent of Total Value	Comparative Percentages for 1925-26	Numbers	Amounts
* Estates under £300 gross value..	31,201	23.2	6,126	1.15	24.1	1.09	
* Estates of from £300—£500 gross value	19,803	14.7	7,845	1.47	14.8	1.28	
Estates from £100—£1,000 net value..	33,585	24.9	23,643	4.43	24.7	4.11	
“ £1,000—£5,000	33,537	24.9	84,052	15.75	24.7	15.06	
“ £5,000—£10,000	7,596	5.6	57,951	10.86	5.4	10.68	
“ £10,000—£20,000	4,685	3.5	68,200	12.78	3.1	12.14	
“ £20,000—£50,000	2,892	2.1	91,175	17.08	2.0	16.54	
“ £50,000—£100,000	858	0.64	59,374	11.13	0.62	11.34	
“ £100,000—£250,000	389	0.29	58,785	11.02	0.29	11.13	
“ £250,000—£500,000	78	0.06	27,427	5.14	0.06	5.95	
“ £500,000—£1,000,000	21	0.02	17,240	3.23	0.02	5.52	
“ £1,000,000—£2,000,000	9	0.007	13,529	2.53	0.005	2.67	
“ £2,000,000—£3,000,000	4	0.003	8,181	1.53	0.0009	0.60	
“ over £3,000,000	1	0.0007	10,161	1.90	0.0009	1.92	
	134,659	100	533,690†	100	100	100	

* These small estates pay only a fixed duty on the gross value.

† The total gross value before deduction was £572,642,000.

year. Another 5·6 per cent of the property-owners left from £5,000 to £10,000, or nearly 11 per cent of the total property passing at death. Up to this point we have nearly 93½ per cent of the owners, but still only about one-third of the property. The well-to-do middle classes, with fortunes of from £10,000 to £50,000, constituted 5½ per cent of the owners, and left nearly 30 per cent of the property. This leaves a good deal more than one-third of the total property passing at death—actually 36 per cent—belonging to barely more than 1 per cent of the total number of owners. These figures make complete nonsense of the oft-repeated contention that the ownership of property is now so widely diffused among the general body of the public as to make it illegitimate any longer to speak of a capitalist, or property-owning, class.

Property Not Liable for Death Duties. Nor is this the whole story; for the figures of estate duty take account only of those persons who die with some property to leave. Property worth less than £100 is not liable to duty; and accordingly neither such property nor those who die possessing it, or possessing nothing at all, are represented in the statistics. Now, on the average of recent years, the annual number of deaths in Great Britain has been about 560,000, or more than four times as many as the numbers dying in possession of dutiable estates. It is true that this figure of total deaths includes children; but even if we exclude all persons dying at less than twenty-five years of age, we are still left with over 450,000 deaths a year, as against less than 135,000 persons dying with property worth as much as £100. The proportion after these exclusions is one in three. Even if all women as well as all children are excluded, the number of male deaths over 25 years of age—roughly 225,000—is still 90,000 greater than the total number of dying property-owners. Yet of course many women die leaving property which makes their estates liable to duty.

TABLE IX
BROAD DISTRIBUTION OF
PROPERTY AMONG OWNERS OF
DUTIABLE ESTATES, 1925-26 AND
1934-35

	Per cent of all estates		Per cent of total value	
	1925-26	1934-35	1925-26	1934-35
Under £1,000 net value ..	63·6	62·8	6·48	7·05
£1,000-£10,000 ,, ..	30·1	25·74	30·5	26·61
£10,000-£50,000 ,, ..	5·1	5·6	28·68	29·86
Over £50,000	1	1	39·13	36·48

Changes in the Distribution of Property. As a further check upon the view that economic inequality is rapidly diminishing in Great Britain, we have set beside the main figures in the table above the comparable percentage distribution of property-owners and property values for 1925-26 and 1934-35. From this juxtaposition it appears that there has been singularly little change in the distribution of property during the past ten years. Those who left less than £1,000 numbered $63\frac{1}{2}$ per cent of all the dying property-owners in 1925-26, and $63\frac{3}{4}$ per cent in 1934-35, leaving in the respective years $6\frac{1}{2}$ and 7 per cent of all the property passing at death. The middle group, leaving from £10,000 to £50,000, numbered 5·1 per cent in 1925-26, and 5·6 per cent in 1934-35, and possessed 28·7 per cent and 29·9 per cent of the property in the respective years. The rich group, leaving more than £50,000, remained roughly constant at 1 per cent of the number of property-owners; but its share of the property fell from 39 per cent to $36\frac{1}{2}$ per cent. Thus the principal change was an increase in the numbers belonging to the middle group; but the property-owners leaving less than £10,000 fell only from 93·7 per cent to 93·3 per cent of the whole number of owners. The

line between the richer and the poorer classes was still drawn approximately at the same place.

The common notion that the ownership of property in Great Britain is now very widely dispersed is based mainly on a misinterpretation of certain facts which are true enough in themselves. Thus, Mr. Runciman and others have argued from the true statement that the average shareholding in many large joint stock companies is very small, and the total number of shareholders very large, to the quite erroneous conclusion that these numerous "shareholders" represent separate individuals; whereas what the figures really show is that nowadays the typical shareholder spreads his risks over many different investments, and so reappears many times over in the list of "capitalists." The existence of a quite large number of persons receiving small incomes from investments is of course fully consistent with the figures given in this chapter; but the mere multiplication of separate shareholdings affords no proof of it, and is indeed quite as consistent with a growing concentration as with a growing diffusion of ownership.

Savings Banks and Other Savings. There is rather more substance in the attempts to demonstrate the wide diffusion of property from the figures which show the growth in recent years of the total capital invested or deposited in savings banks and savings certificates, building societies, and similar institutions, and in co-operative societies. The relevant figures are set out in the following table.

These figures are undoubtedly impressive, even after due allowance has been made for the changes in the value of money. Especially impressive is the growth of the building societies, whose capital has now increased tenfold since 1914. The Co-operative Movement also shows a very rapid expansion, though there is in this case some duplication of the recorded assets, as most of the capital of the wholesale societies and a small part of that of other types of societies is held by the retail consumers' societies. But even if the

TABLE X
GROWTH OF CERTAIN CLASSES
OF SAVINGS SINCE 1913

	£ millions			Index for 1934	
	1913	1924	1934	1913=100	1924=100
Building Societies, Share Capital ..	46	109	424	930	389
Co-operative Societies, Share and Loan Capital, and Reserves ..	60	150	258	430	172
<i>Retail Consumers' Societies only</i>	<i>46</i>	<i>99</i>	<i>166</i>	<i>361</i>	<i>168</i>
Friendly Societies, assets	43*	82	128	298*	156
Post Office Savings Bank, deposits ..	187	280	355	190	127
Trustee Savings Banks, deposits	66	102	173	262	169
Savings Certificates out- standing	—	366	393	—	107
Total	402	1,089	1,731	430	159
<i>Excluding Savings Certifi- cates</i>	<i>402</i>	<i>723</i>	<i>1,338</i>	<i>333</i>	<i>185</i>

* Estimated.

retail societies alone are taken into account a very great expansion remains.

It would, however, be a great mistake to accept these figures as an indication of the effective democratisation of the ownership of capital. With the exception of shareholding in the Co-operative Movement, not one of the forms of investment or saving included in the table is predominantly held by members of the working class in the ordinary sense of the term. The practice of depositing funds in building societies, like that of buying houses with their aid, has spread a long way up the social scale, encouraged by the generous tax-free interest rates which this form of investment affords. Friendly society membership includes a large section of the intermediate social groups. Savings bank accounts are held by children of widely different classes, as well as by adults belonging to many social grades—especially women. Savings certificates, too, are bought by people of various classes, in all probability mainly by members of the income groups next above the manual workers. Even the co-operative societies have now a considerable membership among persons who are well above the manual workers' standards of living.

Other Investments. These figures do indicate a substantial holding of savings and investments by members of social groups with incomes lower than those of the main body of investors in ordinary joint stock concerns. But, impressive as the mass of capital recorded looks, it is necessary to put it in the right perspective by comparing it with the aggregate of the forms of property more commonly held by investors belonging to the higher income groups. The active joint stock companies registered in the United Kingdom had in all a nominal paid-up capital of £2,532 millions in 1914 and £5,595 millions in 1934. The National Debt amounted to £7,800 millions in March 1935. Finally, as we have seen, the amount of property brought under review for estate duty in the budget year 1934-35 was £572,600,000, which, on the assumption that property

changes hands by death on the average once in thirty-five years, would represent, without any allowance for the successful evasion of taxation, a total capital of £20,000 millions for property liable to duty alone.

Thus, even if all the £1,731 millions given in the table had been owned by relatively poor people—which it certainly was not—it would amount to only about one-twelfth of the total property liable to estate duty. Of course, there are other forms of property besides those given in the table which may belong to poor people, such as unmortgaged houses; but even so the figures provide no evidence at all to contradict the clear indications of gross economic inequality which have been given earlier in this chapter.

The Two Nations. Summing up, we may say that the evidence so far reviewed provides incontestable proof of the continued existence of the “two nations” described a century ago in Disraeli’s *Sybil*. It is true that, since Disraeli wrote, the middle groups lying between the rich and the poor have increased considerably both in relative numbers and in social importance; so that, in some connections, it is more realistic nowadays to speak of “three nations” than of two. It is also true that the main body of the working classes is absolutely a good deal better off to-day in terms of material goods than it was a century ago. How much better off it is, and with what significant exceptions, we shall be able to see more clearly later in this book; for up to this point we have been concerned not with any absolute measurement of working-class welfare or ill-fare, but only with a comparison between the rich, the poor, and the tolerably well-to-do. From this point of view it has been made clear that the existing social structure possesses a high degree of rigidity, so that through all the economic fluctuations of recent years the relative incomes and possessions of the rich and the poor have been remarkably little modified. At least three people out of four still die without leaving any property worth the attention of the

tax-gatherer; and out of the more fortunate fourth nearly two-thirds leave less than £1,000, whereas a mere 1 per cent of this fourth still manage to leave more than one-third of the total amount of property liable to duty. Of all the recipients of incomes, over 60 per cent still get less than £125 a year and over 87 per cent less than £250 a year, whereas $\frac{1}{2}$ per cent get over 16 per cent of the total national income.

These, it may be said, are mere statistical calculations, which take no account of the real increase in the social welfare of the poorer classes. Let it be agreed that we have presented, up to this point, only the bare bones of our subject, mere skeletons of fact which have still to be clothed in flesh and blood. Later chapters, we hope, will remedy this lack of humanity. It seemed important, at the outset, to demonstrate beyond possibility of dispute the existence of gross economic inequality before making any attempt to consider its meaning in human terms.

CHAPTER II: HEALTH AND NUTRITION

1. The Growth of Health Services
2. Prevention and Cure
3. Health in Relation to Wealth and Employment
4. Ill Health in the Nation
5. The Health of Children
6. Food Values
7. Standards of Nutrition
8. Food Supply and Requirements
9. Food Budgets
10. Conclusions

§ 1. THE GROWTH OF HEALTH SERVICES

EACH YEAR the Chief Medical Officer to the Ministry of Health makes his report on *The State of the Public Health in England and Wales*. In 1934 he began his narrative with a quotation from Bacon: "Nothing forwards the conclusion of business so much as good health." From this strictly economic standpoint national health has chiefly come to be regarded in Great Britain as a matter of public policy. Or rather, there were, in the growth of the public health services during the past century, three main interrelated motives—the desire to promote national efficiency, especially in the economic sphere, the desire to protect the rich from the contagion of diseases prevalent among the poor, and the desire to lessen human unhappiness by curing disease and to a much lesser extent by preventing it. In

other countries, the desire to promote the strength of the nation in war also counted as a powerful motive; but in modern times this has not been important in the development of British policy. Of these motives, the second was much the most prominent at the time when the public health services as we know them to-day were started. It took several epidemics of cholera and a large mortality from smallpox to induce Parliament to pass the Public Health Act of 1848, under which the National Board of Health and a number of local boards were set up; and even then there was so much jealousy of bureaucratic interference in local affairs that the National Board was soon deprived of most of its powers and actually abolished ten years after its institution. The local boards, however, remained; and gradually, as local government developed, the care of the public health came to be recognised, albeit in a very rudimentary fashion, as a principal duty of the local authorities. The Public Health Acts of 1872 and 1875 set up a network of sanitary authorities over the whole country, including rural as well as urban areas; and thereafter the powers and duties of these authorities were gradually enlarged. But not till 1919 was there set up the Ministry of Health to replace the National Board of Health which had been abolished sixty years before; and even then the new Ministry was not much more than a revised version of the old Local Government Board, which in turn had developed out of the Poor Law Commission set up in 1834, and had the care of the public health only as one among a large number of miscellaneous duties.

Provision for Health To-day. Even to-day, though the Ministry of Health has expanded its activities a good deal since its inception, the public health is by no means fully recognised as a public responsibility. Since compulsory medical insurance was introduced under the National Insurance Act in 1911, the actual wage-earners and a section of the salary-earners have been brought within the scope of a public medical service operated by private

practitioners under the "panel" system. But even Health Insurance, except in the case of maternity benefit, has not been extended to the dependants of the insured workers or to the population as a whole. Nor has the State gone beyond the provision for the insured workers of a narrow range of medical and sickness benefits. Hospitals are still largely private institutions, supported by voluntary contributions; though the Local Government Act of 1929, which brought the Poor Law infirmaries and similar institutions directly under the Town and County Councils and made them part of the general service of public health, has considerably enlarged the activities of publicly provided and supported hospitals in the treatment of accident and disease. Many of the Poor Law institutions have now become general public hospitals, but they exist side by side with the voluntary hospitals dependent on private support.

Outside the scope of public provision, the care of individual health is largely organised through Friendly Societies and similar bodies, or through special hospitals, convalescent homes and so on, supported by contributions from Trade Unions or factories or from purely private sources. The great majority of doctors are still in "private practice," living chiefly by fees from patients who are rich enough to pay them, or from "panel patients," though many of them also give some part of their time free of charge to the voluntary hospitals or are prepared to work at lower rates for poorer than for richer patients. There has been, indeed, in recent years a considerable increase in the number of doctors working for salaries in one branch or another of the public service; but the majority of these salaried doctors are not treating individual cases, but serving as inspectors or administrators of the health services in a wider sense. Every district in the country has nowadays its salaried Medical Officer of Health working under the supervision of the Ministry of Health but appointed by the local authority of the district concerned; but many of these salaried M.O.H.s are not precluded from engaging in

private practice as well, though this system is becoming slightly less prevalent than it used to be, and will decrease further as new appointments are made. Even where a ban is imposed on private practice, the same M.O.H. is often appointed to serve more than one area, so that he is not giving his full-time services to a single authority. In 1935, out of 1,080 M.O.H.s, only 415 were full-time officers not engaged at all in private practice; and out of 67 appointments made in 1934-35, only 31 were forbidden to practise privately.

The Scope of the State. It is, of course, a highly controversial question whether the State, working mainly through the local authorities, should attempt to build up a comprehensive public system of care for the health of the nation. There is still strong opposition to the nationalisation or municipalisation of the voluntary hospitals, though the changes wrought by the Act of 1929 in the scope of the old Poor Law institutions have undoubtedly brought closer the creation of a unified hospital system under public control. In the wider sphere of non-institutional medical services, the doctors, or rather, a majority of them organised in the British Medical Association, have strongly opposed the institution of a salaried "State Medical Service," and have insisted that the panel system, which, they assert, gives the patient a freer choice of doctor, is to be preferred. The medical profession fought a pitched battle with Mr. Lloyd George at the time of the National Insurance Act in 1911, and came very well out of it in a financial sense. But from the standpoint of the poorer classes, the panel system leaves much to be desired; and especially it stands in the way of securing for the insured patient the services of specialists equipped to deal with cases which present complications not easily handled by the ordinary "panel doctor."

Nevertheless it can be granted that the National Insurance system, though it falls far short of providing even a minimum of medical attention for all those sections of the

population which cannot afford to pay the regular scales of doctors' fees, has contributed materially towards improving the public health. Doctoring of a fairly competent sort is now within the reach of a far larger proportion of the people than it used to be; and some part of the fall in the death rate and of the general improvement of health over the past two decades is attributable to this cause.

Prevention of Disease. Health, however, involves far more than individual doctoring; and in recent times increasing attention has been given to the problem of preventing disease instead of merely attempting to cure it when it has actually occurred. This is, of course, no new conception. Men like Dr. Barnes and Dr. Perceval of Manchester had directed attention forcibly before the end of the eighteenth century to the close connection between insanitary living conditions and public health; and Edwin Chadwick, Dr. Southwood Smith and the other public servants who prepared the famous Government Reports of the 1840's on *The Sanitary Condition of the Labouring Population* and *The Health of Large Towns and Populous Districts* set out again to teach the same lesson under the congested living conditions which the Industrial Revolution had brought about. But in face of the strong opposition offered by the governing classes, old and new, to all forms of "bureaucratic interference," and to the still inchoate and chaotic condition of local government, not much could be done at that stage beyond securing the concession of permissive powers of which a few of the more enlightened municipalities were ready to make use. Even when a larger number of local bodies did take up the question, their attention was for a long time chiefly limited to the provision of a purer and more adequate water supply in the towns, to the promotion of better house drainage into common sewers, and of more sanitary methods of disposing of house refuse and of burying the dead, and to the gradual exclusion of animals other than pets from premises situated actually in closely built-up urban areas. The State added factory

inspection to its services, and this was gradually extended and strengthened as the century advanced. Over the same period local authorities were empowered first to inspect, control and provide lodging houses for the poor and then to inspect and control new buildings, to order the demolition of insanitary dwellings, and finally to close whole areas condemned as unfit for habitation. But all this part of the work advanced very slowly in face of persistent opposition from local property-owning interests; and not until the last few years has slum clearance been attempted in practice on any large scale over the country as a whole.

With housing and slum clearance and such cognate matters as the provision of open spaces, playing fields and recreation grounds and the general planning of towns and regions with a view to both health and amenity of living, we shall attempt to deal in the next chapter. We make mention of them here only because they are obviously essential elements in the developing service of public health and because their evolution has gone on side by side with the development of the health services in a narrower sense.

§ 2. PREVENTION AND CURE

THE SERVICE of public health is now generally recognised as having broadly two complementary aspects—the curative and the preventive. The curative part of the service centres round the general medical practitioner, the specialist practitioner, and the research worker, and depends at bottom on the adequacy of the general provision for medical education. It embraces the hospital and other institutional services—including institutions and clinics for the treatment of special diseases and ailments, from tuberculosis to the particular ailments of maternity and childhood. As far as the poor are concerned, its adequacy depends mainly on the quality of the services provided, first under the Health Insurance scheme and secondly through hospitals, public

and private, and through such newer institutions as maternity centres, child welfare clinics and the like. These differ greatly in quality from place to place, from doctor to doctor, and from institution to institution; but the impression widely received from the patients themselves is that in many cases they leave a great deal to be desired by the poor, on account less of bad doctoring than of the brusque haste with which the poorer patients have to submit to being handled if the work is to be got through at all by the existing personnel, or at the existing cost, or if the medical student is to be given a chance of trying his hand on those who cannot afford to pay before he begins exacting fees from those who can. Some defect of this sort is indeed inherent in a system which provides quite differently for the medical treatment of the rich and of the poor, and at the same time exposes the poor to much the greater risks of illness, accident and infection and gives them far more cursory attention when they fall ill.

New Lines of Approach. Preventive medicine, though it uses the services of doctors, is by comparison predominantly a lay service. Its field of activity extends over virtually the entire range of the social services. From such matters as the prevention of the pollution of streams, the provision of pure water, and the clearance of insanitary dwellings, the conception of preventive health services has steadily broadened out, as it has come to be more clearly recognised that ill health is not merely a matter of contagious or infectious diseases, but depends on the entire heredity and environment of the people, and that health is therefore to be promoted not simply by preventing this or that form of insanitary nuisance, but still more by positively ensuring the provision of those things which are needed for the preservation and improvement of good health. The provision of sanitary houses came rightly to be regarded some time ago as an indispensable part of the public health service; and it is a more recent extension of the same notion that has led to far more attention being given to the importance of

adequate and well-balanced nutrition in securing the health of the people. This question of adequate nutrition has, owing to a combination of circumstances, been forced very much on the public attention during the past few years; and the new importance assigned to it is even now revolutionising popular conceptions of what an efficient public health service needs to be.

The first reason for this new line of approach to the health problem is that the research workers—medical men, physiologists and dieticians—have recently been making great advances in their knowledge of the relations between diet and health: so that we are now far better informed about the kinds of ill health which arise from defects of diet than we have ever been before. It is, however, doubtful whether the research workers would have been able to direct nearly so much attention to their discoveries had not these been accompanied by a world-wide “glut” of food, in the sense of a supply larger than the farmers and middlemen have been able to dispose of at a profit. This “glut” set the statesmen of those countries in which large surpluses of foodstuffs were produced thinking and talking hard about the means of increasing the consumption of food; and the research workers and social reformers promptly seized their chance of putting their scientific conclusions before a public which was readier to listen because a higher food consumption looked like being “good for trade.” Thirdly, the falling rates of birth and survival in the countries of Western Europe led to a more anxious care about human life as such; and finally the revelations concerning national physique which were made in all countries as a result of the medical examination of recruits during the Great War put beyond all doubt the seriousness of the problem of ill health among the poorer sections of the people.

Income and Environment. Increasing attention, then, is now being paid to environment in a wide sense as a factor making for good or bad health; and the more the experts have studied the question in its various aspects the clearer

it has become that environment depends very greatly upon income, and that the adequacy or inadequacy of family incomes has a very great deal to do with the state of health that the family can be expected to maintain. It has, of course, long been common knowledge that death rates are considerably higher among the poor than among the rich, and in poor than in wealthy districts. But death is by no means the only outcome of defective health; and latter-day research has served to emphasise the extent to which the poorer sections of the people suffer from exposure to ailments which, without causing death, decrease efficiency and earning power, and therefore serve to worsen poverty for the sufferers and for their children and dependants—to say nothing of their consequences in terms of human unhappiness. Poverty itself is coming to be recognised more and more as a self-perpetuating “defect,” which denies the children of poor parents their fair chance of health and happiness.

It may be added that, as health services are slowly improved, one effect of their development has been to bring to light many ailments which used to pass almost unregarded. Comment has often been made on the fact that the institution of Health Insurance was followed by an increase in recorded illness and absenteeism from work. This was sometimes attributed to “malingering”; but the truth is far more that the insurance system did make it possible for workers to absent themselves from employment when they were really ill, but not so ill that they would not have been driven to work if stopping away had meant a complete cessation of income.

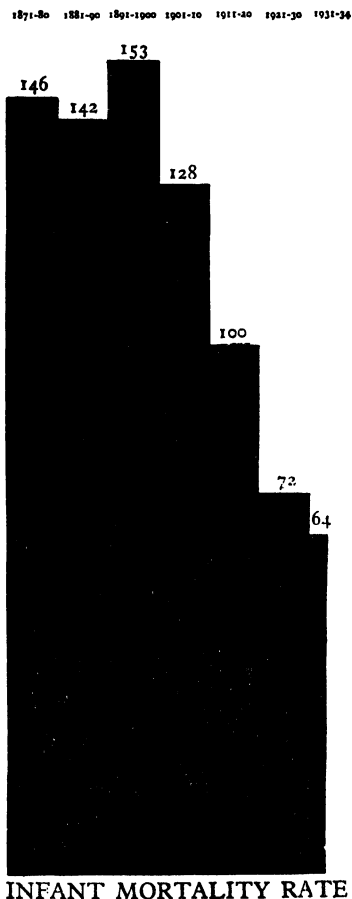
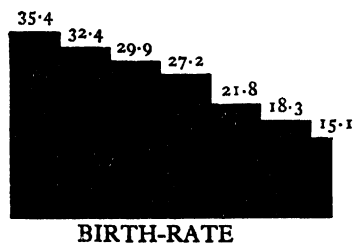
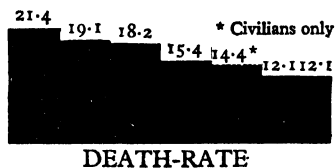
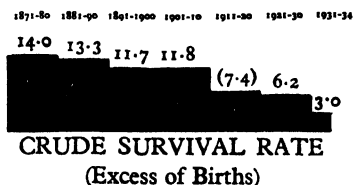
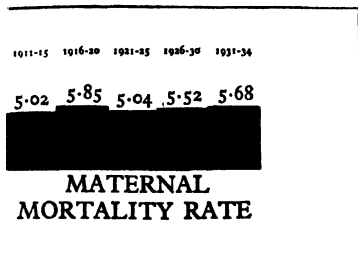
§ 3. HEALTH IN RELATION TO WEALTH AND EMPLOYMENT

WITH THIS PREAMBLE, we may turn to considering the present condition of the nation's health as far as it can be discovered from the data provided by recent enquiries and

reports. Apart from the regular reports of such official bodies as the Ministry of Health and the Medical Research Council there have been recently a large number of important official and semi-official enquiries. Pre-eminent among these is the *New Survey of London Life and Labour*, a worthy successor to Booth's famous London Survey of forty years ago. Similar surveys have been made on Merseyside, on Tyneside, and in certain other areas. Industrial surveys under the auspices of the universities have been carried out in a number of districts, especially those suffering from abnormal industrial depression. Special reports have also been issued on social and economic conditions in the depressed areas; and for a number of regions there have been special "regional surveys," which, while they deal mainly with questions of planning, throw much incidental light on the condition of public health, particularly in relation to housing. On questions of food supply and nutrition, there is a mass of new material available, in books such as Sir John Orr's *Food, Health and Income*, and in the reports and bulletins of such bodies as the Children's Minimum Council, the Committee against Malnutrition, and the British Medical Association. We shall not be able in this book to use more than a tiny fraction of the wealth of information which has become available during the past two or three years; but we shall try, while presenting the facts in a necessarily broad and general way, to indicate where anyone who desires to check our conclusions or to obtain fuller data can best go in search of the requisite information.

Birth and Death Rates. To begin with, we must return to the basic facts about births and deaths, to which reference was made in the previous chapter. We have attempted to set out in the form of a diagram the most essential of these facts relating to Great Britain, so as to show the more important changes which have come about in recent decades. It will be seen first of all that the general birth rate is now less than half what it was in the decade 1881-90, and that it has been falling regularly from decade to decade throughout

VITAL STATISTICS OF GREAT BRITAIN



the intervening period. As against this, the death rate has also fallen, but to a considerably smaller extent: so that the crude excess of births over deaths, which was 14 per thousand in 1871-80, and over 13 in 1881-90, was only 6.2 in 1921-30 and only 3.1 in 1931-34. We have been rapidly approaching a stationary population; and if the present trends continue, the total population of Great Britain will soon begin to decline.

Infantile Mortality. The most important single constituent in the general death rate is the rate of infant mortality—that is, of deaths at less than one year old. We have seen that this rate was reduced by more than half between the decade 1871-80 and the years 1931-34. On the other hand, the rate of maternal mortality—that is, of deaths due to or associated with pregnancy and childbirth—is actually higher to-day than it was before the war, and shows a continuing tendency to rise, though experts agree that a large proportion of these deaths are preventable, and that they are due largely to defects of care and treatment during pregnancy and after, or to lowered resistance on account of malnutrition. It is nothing less than a scandal that, amid the general improvement of mortality rates, this glaring exception has been allowed to continue. It is true that attempts have been made of late to improve the quality and adequacy of the midwifery service and to do something to provide supplies of milk for nursing mothers. But many local authorities, especially in the smaller towns and rural areas, have done little or nothing in this respect; and no adequate pressure from the centre has yet been applied in order to stir the lethargic areas into action. Moreover, Great Britain has incurred the disgrace of being among the countries which have definitely rejected the Washington Convention on Childbirth adopted by the International Labour Organisation at its first conference of 1919. If this convention had been ratified, mothers would have been assured of a period of rest with maintenance grants both before and after childbirth; and there is

TABLE XI
POPULATION RATES FOR CERTAIN LEADING
COUNTRIES

	Birth Rate Rates per 1,000 inhabitants (Latest available figures, 1934 or 1935)	Death Rate Rates per 1,000 inhabitants (Latest available figures, 1934 or 1935)	Excess of Births per 1,000	Infant Mortality per 1,000	Death Rate 1-4 Males (1930-32)	Females (1930-32)	Marriage Rate (latest available)	Percentage of Population under 15 Last Census	over 60 Last Census
England and Wales }	15.2	12.0	3.2	57	7.5	6.8	8.4	23.8	11.6
Scotland .. }	17.1	11.0	6.1	77	10.4	9.6	—	26.9	11.3
United States	..	9.5	7.0	60	6.1	5.3	7.9	29.4	8.5
Australia	10.2	4.3	40	4.3	3.6	8.4	27.5	9.9
Norway	11.7	2.1	48	3.8	3.4	7.1	28.4	11.6
Sweden	8.7	11.5	47	4.1	3.8	8.2	24.8	12.8
Holland	15.7	—0.5	40	5.3	4.5	7.2	30.6	9.4
France	13.9	7.1	69	7.0	6.4	6.8	22.9	14.0
Italy	11.3	8.8	101	16.7	16.6	6.7	29.7	10.8
Germany	24.9	11.8	68	7.5	6.9	9.7	24.2	11.1
India	18.1	13.9†	168	37.0	34.6	—	39.9	4.1
Japan	16.2†	13.9†	125	21.5	20.0	7.5	36.7	7.4
U.S.S.R.	..	30.1†	13.9†	173*	—	—	—	37.2	6.7

*1930.

†Ukraine only, 1930.

not the smallest doubt that the effect would have been a decline in the rate of maternal mortality. In no respect is the contrast between rich and poor more glaring than in the degree of care and attention bestowed on the expectant and nursing mother; and in no sphere of social policy could a relatively small public expenditure in improving the service be relied on to produce larger immediate results.

Other Countries. In addition to the diagrammatic representation of the trends of birth and death in Great Britain we have given a table showing certain comparative examples from the latest available data for Great Britain and certain of the other leading countries, chosen so as to illustrate very different standards of living and types of population. For the most part these figures speak for themselves. It will be seen that Great Britain has the smallest excess of births over deaths of any of the countries selected except Sweden, and France which has now an actual excess of deaths. Only Norway and Sweden have lower birth rates than Great Britain; and, in addition to these two countries, Holland, Australia, the United States and Germany have lower death rates, though in the case of Germany the difference is very small. Infant mortality, which is much higher in Scotland than in England and Wales, is worse, even in England and Wales, than in Australia, Holland, Norway or Sweden. English, and still more Scottish, death rates for young children between 1 and 5 years old are worse than those of the United States, Australia, Norway, Sweden, Holland and even France. The British marriage rate is fairly high; but there is clearly no connection between it and the other rates. Finally, Great Britain has a very low proportion of total population in the age groups under 15, and a higher proportion than any country except France, Sweden and Norway in the groups over 60 years of age.

Death Rates in Different Areas. We have seen already that inside Great Britain the death rate varies from area to area. In 1934 it was highest in South Wales

and next highest in Scotland, and lowest in the Midlands and the South-Eastern counties. The range was from a rate of nearly 14 per thousand in South Wales to just over 11 in the East Midlands. Within each region there are large differences in the rates between one town and another, and between towns and rural areas. Thus, Sunderland had a death rate of 14.4 per thousand for the years 1929-33, as compared with 12.3 for the country as a whole; and Dr. M'Gonigle's researches in Stockton-on-Tees showed a crude death rate of 25½ per thousand in unemployed households as against 17.8 per thousand in the households of the employed, during the years 1931-1934. The same Stockton investigation showed a crude death rate ranging from nearly 31 in the poorest households to 9 in the best-off.

These results, though they are based on quite small investigations, are of real significance. The entire group specially studied in Stockton-on-Tees, employed and unemployed alike, lived in a compact area composed of houses of nearly uniform size and rent. Under normal conditions the incomes of all these households would have shown a strong tendency to uniformity, allowing for differences in the number of earners per household. Actually, the average incomes of the unemployed families—whose breadwinners had mostly been unemployed almost continuously for a very long period—was 29s. 2½d. as against an average of 51s. 6d. for the employed families. The unemployed families consisted on the average of 4.26 persons, the employed of only 3.83.

As there was some difference in the age and sex composition of the two groups, it was necessary to adjust the crude death rates so as to allow for this factor. The "standardised" death rates after this had been done were 29.3 for the unemployed families and 21 for the employed. A similar readjustment of the crude rates was made for families belonging to different income groups. This gave a "standardised" death rate of 26 for the poorest as against 11½ for the better-off families.

TABLE XII
RATES OF INFANT MORTALITY
BY AREAS, 1934

The Worst Areas			The Best Areas		
		(Birth rate)			(Birth rate)
Barrow-in-Furness	98	(13·6)	Hastings	.. 35	(12·6)
Salford	92	(15·0)	Canterbury	.. 38	(14·0)
Gateshead ..	87	(18·4)	Hertfordshire	.. 38	(13·9)
Dudley	85	(16·9)	Oxfordshire	.. 38	(14·3)
Stoke-on-Trent	85	(16·7)	West Suffolk	.. 38	(13·1)
Bury	84	(12·3)	Radnorshire	.. 38	(14·1)
Newcastle-on-Tyne	84	(16·4)	Hampshire	.. 39	(15·0)
South Shields	.. 84	(17·9)	East Sussex	.. 39	(12·1)
Sunderland ..	82	(20·1)	West Sussex	.. 39	(13·4)
Liverpool ..	80	(20·5)	Leicestershire	.. 41	(15·2)
Newport (Mon.)	80	(17·0)	Isle of Wight	.. 41	(11·4)
Middlesbrough	79	(19·7)	Berkshire	.. 42	(13·8)
County Durham	78	(17·8)	Merionethshire	.. 42	(13·8)
Rochdale ..	78	(12·4)	Yarmouth	.. 42	(14·1)
Halifax	77	(11·8)	Reading	.. 42	(14·2)
<i>England and Wales</i>			59	(14·8)	

Large Towns not given above

Above Average			Below Average		
Cardiff	75	(15·8)	Bristol	.. 46	(13·9)
Leeds	71	(14·8)	Leicester	.. 53	(14·2)
Manchester ..	69	(15·3)	Sheffield	.. 55	(14·5)
Nottingham ..	69	(15·6)	Brighton	.. 58	(13·1)
London	67	(13·4)			
Birmingham	.. 67	(15·6)			
West Ham ..	66	(15·7)			
Hull	64	(18·3)			
Bradford ..	62	(13·7)			

TABLE XIII
RATES OF MATERNAL
MORTALITY BY AREAS, 1934

The Worst Areas			The Best Areas		
		(Birth rate)			(Birth rate)
Burnley ..	14·57	(11·8)	Soke of Peter-		
Barrow - in -			borough ..	1·31	(13·9)
Furness ..	11·88	(13·6)	Bath ..	1·32	(10·7)
Merionethshire	11·75	(13·8)	Burton-on-		
Preston ..	11·27	(14·2)	Trent ..	1·40	(14·4)
Bury ..	10·25	(12·3)	East Ham ..	1·48	(14·3)
Huddersfield	9·79	(12·6)	Walsall ..	1·51	(18·0)
Wakefield ..	9·48	(15·0)	Cambridgeshire	1·65	(11·9)
Pembrokeshire	8·59	(15·5)	Merthyr Tydvil	1·82	(14·8)
Clarmarthen-			Brighton ..	2·00	(13·1)
shire ..	8·27	(14·9)	West Ham ..	2·01	(15·7)
Oldham ..	7·77	(12·5)	Gloucester ..	2·35	(15·6)
Isle of Wight	7·76	(11·4)	Nottingham ..	2·40	(15·6)
Eastbourne ..	7·65	(11·4)	Yarmouth ..	2·46	(14·1)
Glamorgan ..	7·62	(16·5)	Coventry ..	2·65	(13·8)
Halifax ..	7·45	(11·8)	Doncaster ..	2·68	(15·8)
Cardiff ..	7·31	(15·8)	London ..	2·70	(13·4)
<i>England and Wales</i>			4·42	(14·8)	

Large Towns not given above

Above Average			Below Average		
Sheffield ..	5·60	(14·5)	Liverpool ..	2·79	(20·5)
Newcastle - on -			Birmingham	3·23	(15·6)
Tyne ..	5·54	(16·4)	Leicester ..	3·94	(14·2)
Bradford ..	5·43	(13·7)	Manchester ..	3·97	(15·3)
Hull ..	4·91	(18·3)	Bristol ..	4·19	(13·9)
Stoke-on-Trent	4·75	(16·7)			
Leeds ..	4·53	(14·8)			

It is greatly to be regretted that many more investigations of this sort have not been made. The Stockton results are not put forward as yielding conclusions likely to be valid for the whole of the unemployed, for many unemployed persons have been out of work continuously only for short periods. Nevertheless what is true of Stockton may well be typical of a considerable section of those families whose breadwinners have been out of work continuously or nearly so for a stretch of years; and this question of the incidence of mortality among the families of the chronically unemployed especially deserves fuller study at the present time.

Until further investigations have been made, it is not possible to say much more on this point. Perhaps the best general impression of the situation as between different areas can be got by comparing the rates of infant and maternal mortality in different towns and counties. The tables on pp. 96, 97 set out the records of the worst and the best areas in both these respects, together with supplementary figures for some of the largest towns which fall between the two extremes. Birth rates for the various places mentioned have also been given for purposes of comparison.

The results are interesting. Out of the fifteen areas which have the worst records of infant mortality, fourteen are industrial towns, and the fifteenth is a coalfield area, whereas, out of the fifteen with the best records, ten are mainly rural counties, one is a mixed county area, two are holiday seaside resorts, and only one, Reading, the last on the list, is an industrial town. Of the thirteen great towns lying between the two extremes, nine have records worse than the average, and only four, one of which is Brighton, are better than the average. Bristol, Sheffield and Leicester stand out as exceptions to the generalisation that infant mortality is high in great cities. It is also to be observed that the areas with the worst records have on the average much higher birth rates than the areas where the infant mortality is low, and that a low birth-rate exists in the four big cities which have the best records.

The figures of maternal mortality are not too easy to interpret. Here the fifteen worst areas include nine industrial towns, four Welsh counties—three rural areas and one coalfield—a watering-place, and a small rural and holiday area—the Isle of Wight. The best areas include London, which just gets on to the list, and two outer London areas, East and West Ham, six predominantly industrial towns, two county areas, two watering-places (Brighton and Bath) and two Midland industrial towns (Walsall and Burton-on-Trent). Of eleven great cities between the extremes, six are worse and five better than the average. There is in this case no correlation between birth rates and rates of mortality. The conclusion seems to be that the rates of maternal mortality depend very greatly on the adequacy of the local maternity services, though, of course, some allowance must be made for individual differences among doctors in assigning the cause of death. Infant mortality is a matter of fact; maternal mortality is at any rate to some extent a matter of medical opinion. None the less, the figures confirm the view expressed earlier that no social crusade would be likely to yield larger and speedier results than a campaign against maternal mortality.

Economic Depression and Health. There has been a great deal of controversy during the past few years about the effects of economic depression on the health of the people. The official view, upheld by the Ministry of Health, has been that the evil effects have been so small as to be barely noticeable. Thus the Chief Medical Officer of the Ministry in his Report for 1934 gave a table of mortality rates in certain depressed areas. This showed that the general death rate in depressed urban areas was only a little above the average for the whole country, but that the rate of infant mortality was a good deal higher, showing an average of 67 as against 59 for England and Wales as a whole. The report pointed out, however, that this higher infant death rate was not a new fact attributable to the depression, but had existed for many years past. A special

committee, sent by the Minister of Health to investigate conditions in Sunderland, and certain districts of County Durham, also reported in 1934 that it could find "little evidence of any increase in disease and none of increased mortality." The committee agreed, however, that it had found "considerable evidence of subnormal nutrition and some instances of malnutrition," and that while "the physical condition of the men is fairly maintained, there is evidence of some increase among them of neurotic conditions."

On these figures and reports, the official world has built up its complacent conclusion that there is no cause for alarm about the health of the people in the depressed areas. The most that is officially admitted is that in the case of certain diseases, e.g. tuberculosis, the prevalence of unemployment has retarded the rate of improvement and so caused the depressed areas to lag behind their more fortunate neighbours. It is, however, very doubtful whether this comforting view would be endorsed by the majority of Medical Officers of Health or of general practitioners in the areas concerned. It may be agreed that unemployment and depression have not occasioned any considerable rise in the rates of mortality in face of the improvements which have been taking place in medical science and its application. But that health can remain unimpaired despite serious contraction of incomes is not easy to believe; and, despite the official view, the weight of evidence is on the other side. Death rates alone are a very inadequate means of measuring the general state of health in a community; and it is fully possible for the death rate to fall owing to changes in medical science, or for a rapid fall in infant deaths to occur, even while the health of the survivors is getting worse.

§ 4. ILL HEALTH IN THE NATION

WE CANNOT, however, fully consider this question until we have marshalled and summarised the available facts about

the health of the people as apart from the frequency of deaths. This involves considering in the first place the incidence of disease, including non-fatal as well as fatal cases, and secondly the evidence of under-nourishment among any considerable sections of the people. The health of the entire population has not at any time been comprehensively surveyed. The nearest approach to a general survey took place during the Great War, when almost the whole of the male population of military age underwent medical examination. The results of this survey have never been published in full; but there is available an account of the outcome of nearly two-and-a-half million examinations conducted during the last year of the war.

Fitness for Military Service. Dr. M'Gonigle has summarised these results in his book on *Poverty and Public Health*. For military purposes, which alone were in question, 36 per cent of those who were examined were placed in Grade 1, 22½ per cent in Grade 2, 31½ per cent in Grade 3, and 10 per cent in Grade 4. The report of the Ministry of National Service observes that "medical examination showed that, of every nine men of military age in Great Britain on the average, three were perfectly fit and healthy; two were on a definitely infirm plane of health and strength, whether from some disability or some failure in development; three were incapable of undergoing more than a very moderate degree of physical exertion, and could almost (in view of their age) be described with justice as physical wrecks; and the remaining man was a chronic invalid with a precarious hold on life."

This language is somewhat highly coloured; but the facts were undoubtedly serious, and their publication caused a good deal of perturbation until they were conveniently forgotten. A more detailed report upon the examinations conducted in the London region, which was probably fairly typical, showed that of all the men examined nearly half had to be placed in either Grade 3 or Grade 4. Nearly 10 per cent of the whole number were suffering from

valvular or other diseases of the heart, nearly 7 per cent from various kinds of tuberculosis or other bronchial or lung diseases, over 5 per cent from various physical deformities, 4 per cent from diseases of the circulatory system other than heart diseases, and the rest of those placed in the two bottom grades from a variety of other diseases. Wounds and injuries together accounted for only about 2 per cent of the total, and were quite a minor factor in the classification. The full results of these London examinations can be found set out on pp. 34 and 35 of Dr. M'Gonigle's book.

An examination confined to men of military age might be expected to yield results substantially more favourable than would be given by a similar examination of the entire adult male population. It is true that by 1917 a large proportion of the "fittest" men were already in the army. Nevertheless, it is a sufficiently startling fact that in 1917-18 over half the adult males of working age still in civilian occupations in Great Britain were suffering from some fairly serious physical disability. Nor is there any reason to suppose that an equivalent examination of the female population would have yielded better results, or that the position has been appreciably altered since 1918.

The Causes of Death. For the period since the war we are unfortunately without any record of the numbers affected by the various diseases, apart from the relatively few which are "certifiable" on account of the risk of infection. We have, indeed, some knowledge of the causes of death as given by doctors' certificates; but the diseases which cause death are only a fraction of the diseases which are responsible for unfitness and suffering, and even a death assigned to a particular cause may be in fact a by-product of weakened resistance due to some non-fatal illness or disability. Citizens of modern Britain do not die of starvation: they die of pneumonia instead. And there is a sense, very convenient for doctors who have to sign certificates, in which everybody dies of heart failure. A mere table of the

TABLE XIV
CAUSES OF DEATH:
ENGLAND AND WALES, 1934

	At all Ages per cent	Ages 15-65 per cent
Diseases of the heart and circulatory system	28	21
Cancer	13	17
Bronchitis, pneumonia, and other respiratory diseases	10½	9½
Tuberculosis	6½	14
Diseases of the nervous system ..	8	8
Diseases of the digestive system ..	5½	7
Diseases of the genito-urinary system (non-venereal)	5	5
Injuries, accidents, and violence ..	5	7
Diseases of infancy	3	—
Old age	3½	—
Other causes	11½	12
	100	100

certified causes of death can tell us very little about the health of the nation as a whole; and when we examine the particulars given in the reports of the Ministry of Health we find even less enlightenment than we might have hoped to receive.

The most frequent cause of death according to the official statistics is "heart disease" in some form. But "heart disease" conceals a multitude of other causes, including causes that are simply unknown; for "heart failure" often merely supervenes upon other forms of illness. We are on safer ground in regarding cancer as the most menacing of all diseases which possess a specific character, and as accounting, together with tuberculosis in its various forms, for the largest number of deaths of people in the prime of life. Pneumonia and bronchitis come next, with a heavy toll upon persons of all ages; and here, as in the case of tuberculosis, the weakening of the power of resistance clearly plays a large part in causing death. The toll levied by other specific diseases is relatively small for each specific disease, except in particular age groups. Clearly, the morals to be drawn from the table as a whole are in the first place that far more intensive war should be waged on cancer and tuberculosis as specific diseases, both by further research and by prompter and better treatment, especially of the poor; whereas diseases of the heart and pneumonia need to be combated chiefly by raising the general standard of health, and thus improving the power of resistance of those who become affected by them.

Among the specific diseases, cancer presents a particularly serious problem, for the death rate from this cause has been increasing steadily in recent decades. Before the war the death rate from cancer was less than one per thousand living; but it has now risen by well over 50 per cent. This is doubtless in part the consequence of the increasing average age of the population; but even when allowance has been made for this factor, the "standardised" death rate from cancer has risen. It is sometimes suggested that what has really increased is not the prevalence of the

disease, but the capacity for diagnosing it; but even if there is some truth in this, the death rate from cancer remains disturbingly high, and there seems to be no doubt that one important reason for the number of fatalities is the failure in many cases to diagnose or deal with the causes until it is too late.

There is, however, this at any rate to be said about cancer—that, as it is a disease hardly less prevalent among the rich than among the poor, the financial provision for research into its causes and its treatment has been lavish in comparison with the provision made for research into most other diseases. The rich are frightened of cancer, and therefore they are willing to provide money for research that may improve their chances of survival if they fall victims to it.

In respect of tuberculosis there has been of late years some real improvement. The number of new cases recorded in England and Wales has fallen from over 80,000 in 1925 to just over 60,000 in 1934, and the number of deaths from over 40,000 to about 31,000, or, in terms of death rates, from 1.04 per thousand in 1925 to 0.76 in 1934. These improvements are undoubtedly due particularly to better facilities for dispensary and institutional treatment and to more adequate knowledge among the sufferers of the means of preventing infection. But while conditions have to some extent improved, they remain thoroughly unsatisfactory among the poorer sections of the population. There is no doubt that tuberculous parents still far too often infect their children, or that the facilities for a curative institutional treatment at an early stage of the disease are still grossly defective. Nor can it be disputed that tuberculosis is an affliction which specially menaces the poor and the ill-nourished, not only because it is far harder for the poor to take the requisite precautions against infection, but also because resistance to disease is notably weakened by either under-nourishment or mental worry. Between 1925 and 1932 the death rate from tuberculosis fell by about 9 per cent in the more prosperous areas of Great Britain as

against only 5 per cent in the depressed areas. Such colonies as Papworth can take but a tiny fraction of those who need curative institutional treatment; and in Hull in 1928 the medical officer reported that out of 559 notified cases of tuberculosis, 134 of the sufferers had not even a separate bed of their own, and 34 were sharing a bed with two or more still healthy persons. In 1921-23 a special investigation made by the Registrar-General revealed that the mortality from tuberculosis was approximately three times as great among the poorest sections of the population as among the well-to-do.

§ 5. THE HEALTH OF CHILDREN

THE ONLY GROUPS among the people concerning whose health regular reports based on medical inspection are published are the children in attendance at elementary schools; and the evidence derived from the inspection of school-children is therefore one of the most important sources for our knowledge of the nation's health. School children are ordinarily inspected at least three times in the course of their elementary school career, first as entrants, then between 8 and 9 years of age, and finally before leaving school. In London there are four regular inspections, but this does not apply in other areas. In 1934 the school medical officers of the Board of Education carried out over one-and-three-quarter million "routine" or ordinary inspections, and over a million and a quarter special examinations in England and Wales, and in addition there were also over two million re-examinations of children who either were put back for further report or were re-examined at the request of parents or teachers. These figures should be compared with an average elementary school attendance of rather over five millions.

Of those examined at the routine inspections only, nearly one-fifth were found to need some sort of medical treatment,

and another 15 per cent to require special observation on account of some recorded defect. This gives a total of 35 per cent whose state of health was regarded as in some definite respect below a satisfactory standard.

Defects of School Children. By far the largest single group of defects recorded at these routine examinations was attributed to "defects of vision," which were found to need treatment among $9\frac{1}{2}$ per cent of all the children examined and observation among another $4\frac{1}{2}$ per cent. Tonsillitis and adenoids required treatment in the case of 4 per cent of those examined, and observation in the case of over 6 per cent in addition. Malnutrition called for treatment in 1.2 per cent of the cases, and for observation in 1.4 per cent—showing a definite increase over previous years. But these proportions do not include the additional cases in which treatment or at least observation was found to be necessary as a result of special inspections; and these additional cases in respect of certain defects considerably outnumbered those discovered at routine inspections. For example, in the case of skin diseases, routine inspection revealed less than 1 per cent of those examined as needing medical treatment; but special examinations added to these 17,000 cases no less than 181,000 further cases. These proportions are exceptional; but the figures for malnutrition are also significant. In this respect routine inspection disclosed about 21,500 cases needing treatment, whereas special inspections brought to light over 23,000 more. Even in the case of tonsillitis and adenoids, the comparative numbers were 72,000 at routine inspections and 48,000 additional cases revealed by special examinations. Evidently the routine inspections, which are necessarily carried out in haste and without adequate physical examination—for on an average only a little more than six minutes is allowed for each child—can afford a very unsatisfactory method of finding out defects which may not be obvious at the first glance. For example, Mr. McNally, in his book *Public Ill Health*, quotes the experience of the City of Chester, where

the number of children ordered to be treated for malnutrition rose from 3 in 1932 to 17 in the following year, and the number placed under observation from 25 to 58. This was the result of a special enquiry in which the school teachers collaborated with the Medical Officer of Health in ascertaining the extent of malnutrition in an area not specially subject to economic depression.

Again, Dr. M'Gonigle points out that in 1932-33 special surveys in a number of areas resulted in nearly 400,000 children being accorded school meals provided by local education authorities on the ground of malnutrition. He also records that, at routine inspections alone, excluding dental inspections, the percentage of children annually entering school who were found to require medical treatment was over 16, while corresponding percentages were over 18 for children of eight years old and over 17 for children of twelve. In addition to this, more than two-thirds of all the children inspected were found to require dental treatment.

It is of course possible to argue that most of the "defects" revealed by these examinations are not after all so very serious, and that they should be regarded as part of the normal condition of childhood. It must be agreed that the number of defects recorded is bound to depend largely on the assumptions and standards on which the individual inspectors base their judgment. If, for example, a medical officer works on the basis of treating the actual average condition of health in an area as equivalent to normality, he will adopt very different standards in different areas. This practice has indeed led to certain very curious results when a doctor accustomed to a relatively healthy district has been transferred to a depressed or relatively unhealthy area, or *vice versa*. If, on the other hand, the standard of "normality" adopted by the inspector is that of really good health, regardless of the prevailing conditions in the area, a far higher percentage of defects will be recorded than if the inspector is prepared, broadly speaking, to take things as they are. Probably in practice most doctors compromise,

and use varying standards, ranging from the local average to some postulated norm of good health.

The Incidence of Rickets. Certainly in the case of a number of specific defects, recent investigations have thrown very great doubt on the adequacy of the present system of medical inspection. Rickets, for example, is a very common defect of childhood, especially among the poor. It ranges, in the severity of its effects, from serious crippling or deformity to very slight malformations which can easily escape a superficial observation. Dr. M'Gonigle records some important observations bearing on the prevalence of rickets among children at elementary schools. According to the official statistics, in 1933 the percentage of children needing treatment for rickets was only 1·2, to which should be added a further 2·6 per cent who were scheduled for observation. But Dr. M'Gonigle, applying in County Durham a standard for the diagnosis of rickets laid down earlier by Dr. MacIntosh, actually found that, out of 2,676 children examined, no fewer than 2,221, or 83 per cent, were definitely rickety, and another 294, or 11 per cent, slightly rickety—leaving only 6 per cent who were wholly free from rickets. Moreover, this startling conclusion was fairly well borne out by a special investigation undertaken in London in 1927, in which only 12 per cent out of 1,638 children examined were found to be wholly free from rickets, whereas over two-thirds showed serious signs of the disease.

There is admittedly some difference between rickets, in their medical sense, and rickets as understood by the ordinary working-class mother. Many children who show signs of rickets to the clinical observer are not “rickety” in the everyday sense of the term, and their parents would feel grossly insulted if they were so described. Nevertheless, even slight “ricketiness” is a quite definite, and for the most part preventable, defect, traceable in most cases to actual deficiencies of food.

Rickets is notoriously a disease of the poor. According

to the London investigation, the percentage of children who were free from rickets ranged from 22 per cent in the best class of elementary schools to under 9 per cent in the worst—"best" and "worst" meaning richest and poorest. It is known that among girls rickets is an important cause of maternal mortality, because it is apt to alter the shape of the pelvic bones. Dr. M'Gonigle, in a special investigation at Stockton, found abnormality in this respect in over 40 per cent of the women attending the ante-natal centre in 1935.

It would be possible greatly to prolong this chronicle of the prevalent ailments and defects of childhood, prevalent for the most part far more among the poor than among the well-to-do. But enough has been said to show the seriousness of the problem and to emphasise the close connection which exists between the incomes of the parents and the children's prospects of enjoying reasonably good health.

Development of Children of Different Classes. Sir John Orr in his recent book, *Food, Health and Income*, records the results of certain measurements of the height of boys attending schools of different social grades. He rightly points out that, height being largely a matter of heredity, not much weight can be attached to observations confined to small groups. But in this case the total number of observations was nearly 70,000; and the results can therefore be regarded as significant. The records come from an unspecified "public school" attended by children of well-to-do parents, from Christ's Hospital, which is attended chiefly by boys of the middle class, from two public elementary schools in London, and from a group of wage-earning boys in actual employment. The results show that, at all ages from 9 to 14, the Christ's Hospital boys are on the average considerably taller than the boys from the elementary schools, and for ages between 14 and 18 than the boys in wage-earning employment. But the boys from Christ's Hospital are in their turn considerably surpassed in height by the "public-school" boys, drawn almost exclusively

from the upper classes. Similar investigations have shown parallel differences in average weight at given ages between children of rich and poor parents, and there is little doubt that a comprehensive investigation would confirm the conclusion that the rich, age for age, are taller and heavier than the poor as a result, partly of heredity, but also in part of better nutrition in childhood and of being born of better-nourished mothers.

§ 6. FOOD VALUES

IN THE COURSE of this chapter we have been brought again and again to the threshold of a discussion of the basic question of nutrition. No one maintains that the difference in average health between the poor and the well-to-do is exclusively due to differences in nourishment; but for reasons which have already been stated this aspect of the problem of national ill health has of late been receiving a growing amount of attention. We must now attempt, in the light of what has been said already, to assess the incidence of under-nourishment and malnutrition upon the people of Britain and the relations between poverty and malnutrition. In the present chapter only one aspect of this question will be discussed. We shall consider only the extent to which the British people at present go short of a food supply adequate in quantity and variety to secure satisfactory health. We shall leave till later any consideration of the reasons why these deficiencies continue to exist in face of a greatly increased world capacity for food production.

Human Requirements in Food. Accordingly we shall approach the question in the first place from the standpoint not of actual food consumption but of the consumption necessary for good health. It is now accepted that, while food requirements differ considerably from one

individual to another in accordance with personal characteristics as well as with differences of climate and in expenditure of energy in different environments and occupations, sufficiently accurate generalisations can be made about the dietetic needs of nations or groups of persons whose living conditions are generally known. There is, indeed, no absolute agreement among different authorities as to the standards of adequacy which ought to be laid down; but for Great Britain at any rate the conclusions jointly arrived at after some preliminary debate by the representatives of the British Medical Association and the Ministry of Health's Advisory Committee on Nutrition can reasonably be taken as a minimum estimate carrying considerable authority. This estimate was made as the outcome of a controversy occasioned by an apparent divergence between the separate estimates put forward by the two bodies. Thus, the Advisory Committee on Nutrition had put forward an estimate of 3,000 calories and 37 grammes of "first-class protein" per day as adequate to supply the needs of the average man. The British Medical Association, on the other hand, had adopted the standard of 3,400 calories and 50 grammes of "first-class protein" per "man equivalent."

To the layman, who knows very little about "calories" and still less about "first-class protein," these estimates appear to present a plain contradiction—with high medical authority supporting either side. Nevertheless, the two bodies, when they met in joint conference, were able quite easily to reach substantial agreement. It was explained that the Advisory Committee had made its estimates with reference to the average needs of the entire population per head, whereas the B.M.A. scale referred to the requirements of "men" in a technical sense, so that children and most women were to be counted only as fractions of a "standard man." The outcome of the conference was the formulation of a sliding scale of food requirements for persons of different ages and sexes or under different living conditions; and it will be simplest to begin by setting out this agreed scale before proceeding to consider its meaning and its adequacy.

TABLE XV
SLIDING SCALE OF CALORIC
REQUIREMENTS PER DIEM

Individuals		Calories gross
Man: heavy work	..	3,400 - 4,000
„ moderate work	..	3,000 - 3,400
„ light work	..	2,600 - 3,000
Woman: active work	..	2,800 - 3,000
„ housewife	..	2,600 - 2,800
Boy: 14 - 18	..	3,000 - 3,400
Girl: 14 - 18	..	2,800 - 3,000
Child: 12 - 14	..	2,800 - 3,000
„ 10 - 12	..	2,300 - 2,800
„ 8 - 10	..	2,000 - 2,300
„ 6 - 8	..	1,700 - 2,000
„ 3 - 6	..	1,400 - 1,700
„ 2 - 3	..	1,100 - 1,400
„ 1 - 2	..	900 - 1,100

The Calorific Scale. The scale itself deals only with requirements in terms of "calories"—that is, in non-technical terms, of energy units to be used up in supplying the body with warmth and motive power. It will be seen that the agreed requirements range from 3,400–4,000 gross calories for a man engaged in heavy work to 900–1,100 for a child between the ages of 1 and 2. The scale prescribed for women is appreciably below the scale for men—or in other words a woman is treated as a fraction of an "equivalent man," though it has, of course, to be recognised that women have special needs during pregnancy, or still more while they are providing nourishment for an infant after birth.

Proteins and Fats. In addition to the scale of requirements in terms of calories, the Report embodies recommendations concerning the need for "protein"—that is, in plain language, the body-building foods. The protein requirement in terms of man units is put at from 80–100 grammes, or $2\frac{4}{5}$ – $3\frac{1}{2}$ oz., daily per "man unit," with the caution that there are large differences, both personal and occupational and climatic in the requirements of individuals. It is further laid down that growing children and expectant and nursing mothers have special needs for "first-class protein," which means protein derived from animal rather than vegetable sources; and particular stress is laid on the value of milk as "the only naturally balanced food, containing as it does in readily available form not only first-class protein (18.7 grammes or $\frac{2}{3}$ oz. to the pint), but also minerals, vitamins, carbohydrate and fat." For adults it is recommended that the "proportion of first-class protein should not be lower than one-third of the total protein consumed, and may perhaps with advantage be increased to a half."

To the layman all this may seem medical mumbo-jumbo; but it can be easily translated into more intelligible terms. The human body has various needs for food. The most important of these—in addition to water, which is an absolute necessity of life—are for body-warming foods to give

heat and energy, for body-building foods to aid growth and replace wastage of bodily tissue, for certain mineral salts which are indispensable in small quantities for the good condition especially of the bony structures, and for certain more elusive substances, known as "vitamins," which preserve the body from a number of specific diseases. Broadly, the sugary and starchy foods, composed largely of "carbohydrate," of which cereals and sugar are the most important, are the chief sources of energy or of "calories" (which means simply units of heat), although other foods, such as meat and milk, can also be converted into sources of energy. The foods containing "protein," which are chiefly animal products such as meat, certain kinds of fish, milk, cheese and eggs, but also include certain vegetables, are the principal body-builders. The third main group, the fats, including animal fats, butter and oils, is supplementary to the carbohydrates in energy-producing qualities; but there is as yet no adequate knowledge of the best proportions to be observed under different conditions between fats and carbohydrates as constituents of a satisfactory diet. The fats produce, weight for weight, more than twice as much energy as the carbohydrates; but they are far more expensive and are therefore usually consumed in relatively small quantities. Their chief known specific use as distinct from the carbohydrates is as valuable sources of certain vitamins which are indispensable to health.

At one time the adequacy of nutrition used to be measured by the experts almost exclusively in terms of calories. That is to say, the food problem was regarded as primarily that of supplying the body with enough energy for the performance of its daily work, much as the tank of a motor-car has to be filled with petrol. But the human body will no more run efficiently on calories alone than a motor-car will run without oil and electricity. There is a great deal that remains unknown about the requisites of satisfactory nutrition; but it is now generally accepted that a proper diet must be balanced in its content as well as adequate in its calorific amount.

Other Food Values. It must not be supposed that the main foods can be classified simply as carbohydrates, proteins and fats. Practically all foods are, from a chemical standpoint, mixed substances; and the fact that they are so is of great advantage in securing a natural balance in the diet wherever the consumer's purse is long enough for him to follow his tastes, and not to be driven to subsist on the cheapest foods that are capable of satisfying immediate hunger. Milk, for example, is one of the most valuable of all foods because of its natural balance. It contains on the average about 3.3 per cent of protein, 3.6 per cent of fat, and 4.8 per cent of carbohydrates; and it is also rich in necessary minerals and supplies vitamins A and B all the year round, and in summer vitamins C and D as well. Its calorific value is indeed relatively low—averaging about 387 calories per lb. as against over a thousand for beef and mutton; but it is the best of all foods for supplementing the basic need for heat and energy by supplying those protective elements which guard the body against disease. These qualities give to it its special importance as a food for children, and justify every effort to increase its consumption in a liquid form. Condensed milk, which is much used in the poorer households, has a far higher calorific value—roughly 850 calories per lb. for the unsweetened variety and 1,600 for the sweetened—but condensed milk is deficient by comparison in the other properties which give fresh milk its peculiar value as a food.

The League of Nations Report. A special committee appointed by the League of Nations to consider the problem of nutrition from a world point of view set out in 1936 a table showing the relative nutritive value of certain of the principal foods. This table does not deal at all directly with calories, and it therefore ignores fat and carbohydrate content. It is concerned with the building, repairing and protection of the body, and not with the supply of energy required for its daily exertions. In presenting it here we have therefore appended to it a second table dealing with calorific

TABLE XVI

NUTRITIVE VALUE OF FOODS

(From the Interim Report of the Mixed Committee on the
Problem of Nutrition. League of Nations, 1936)

				"Good"				Vitamins	
				Protein	Minerals	A	B	C	D
<i>Highly Protective Foods</i>									
Milk	..	..	..	xx	xxx	x	x	x"	x"
Cheese	..	..	..	xx	xx	x	x		
E Eggs	..	..	..	xx	xx	x	xx		xx
E Liver	..	..	..	xx	xx	x	xx		x
<hr/>									
Fat fish (herrings, etc.)	..		x			x	x		xx
<hr/>									
Green Vegetables, salads			x		xxx	x	x	xx	
Raw Fruit, fruit juices	..				xxx	x'	x	xx	
<hr/>									
E Butter	..	..	..			x			x"
Cod-liver Oil	..	..				xxx			xxx
<hr/>									
Yeast	..	..	..	x	x		xx		
<hr/>									
<i>Less Protective and non-Protective Foods</i>									
Meat (muscle)	..	..	x		v		x	v	
Root Vegetables, tubers	..					x'	x	x	
<hr/>									
E Legumes (dry peas, lentils)							x		
E Cereals (bread, wholemeal)	x		v		v		x		
E Cereals (bread, white)	..								
E Cereals (rice, polished)	..								
E Nuts	..	..	..	v			xx		
<hr/>									
E Sugar, Jam, Honey.									
E Margarine, Vegetable Oils.									

E=Foods of high energy or caloric value.

xxx=Very rich. xx=Rich. x=Present. v=Present in small amounts or traces. " =In summer, when cows are on pasture. ' =If yellow in colour. A blank=Absent.

TABLE XVII

CALORIFIC VALUES, WITH PERCENTAGES OF PROTEIN, FAT AND CARBOHYDRATES IN CERTAIN FOODS AS PURCHASED

Approximate Averages. From McKillop, *Food Values*, 1936 edition
(Usually to nearest unit)

	Average Calories per lb.	Average Protein	Percentage Fat	Content of Carbo- hydrate
Meat (beef, veal, mutton) ..	1,087	15	19	—
Bacon (side without skin) ..	2,388	9	53	—
Pork	1,310	15	24½	—
Fat Fish (herring, mackerel, etc.)	615	15	7	—
Other Fish (general average) ..	292	14	1	—
Sausages (pork)	1,238	11	18	15
Lobster or Crab	430	21	0.2	1½
Eggs (82 per egg)		11	10	—
Milk (378 per pint)		3½	3½	5
„ condensed unsweetened ..	848	10½	11	14
„ condensed sweetened ..	1,600	10½	10	57½
Butter	3,503	0.2	83	—
Margarine	3,579	0.2	85	—
Lard or Dripping	4,219	—	100	—
Suet	3,958	1	93	—
Cheese	2,011	26	35	3
Flour	1,660	10	1½	75
Bread (average)	1,046	7	1	47½
Rice (unpolished)	1,640	7	½	80
Oatmeal	1,886	12	8½	70
Sugar (white)	1,860	—	—	100
Golden Syrup	1,427	0.3	—	76½
Jam	1,296	0.3	—	76½
Currants and Raisins	1,090	2	0.3	56
Beans, Peas, and Lentils (average)	1,530	19	0.5	64
Nuts	2,960	16½	57	13½
Potatoes	386	2	—	19
Onions and Carrots (average)	212	1½	0.1	10
Green Vegetables (average) ..	149	1½	0.1	6½
Tomatoes	101	½	0.1	4½
Bananas	279	½	0.1	14
Fresh Fruit (average of apples, pears, plums, oranges) ..	161	½	0.1	8
Cocoa	2,215	18	27	40
Chocolate	2,515	5	31	60

values. By comparing these two tables it is easy to see how misleading a calculation of the adequacy of diet purely in terms of calories is likely to be. The consumer may be getting plenty of calories, and yet his body may be quite inadequately supplied with elements that are indispensable for building up bone and tissue and for protecting it against disease. This, indeed, is specially likely to happen in the case of the poor because of the relative cheapness of the highly calorific foods.

It will be noticed that in the League of Nations table the second column refers not simply to "protein," but to "good protein." This distinction is important, first because certain sorts of food which are "protein" from a chemical standpoint are not digestible at all by human beings, and have therefore no food value unless it be as "roughage," and secondly because digestible proteins differ considerably in food value. Those derived from animal products, including milk and cheese and butter as well as meat and eggs, are superior in body-building qualities to protein of vegetable origin. It will be noticed that the League Committee gives a relatively low protein value to meat, except liver, and lays stress on the value of milk, cheese and eggs above all other body-building foods. On the other hand, the Joint Committee of the Ministry of Health and the British Medical Association classifies all protein of animal origin together as "first-class protein," and stresses the special importance of foods containing such protein in the diets of growing children and nursing and expectant mothers. Between these two views we neither can nor need express an opinion: it is at any rate agreed that a considerable part of the protein included in the diet should be of animal origin, and arguable that a substantial proportion ought to consist of milk, cheese, butter, and eggs, and of liver as against other forms of meat.

§ 7. STANDARDS OF NUTRITION

WE MUST NOW, cursory as this analysis of food values has necessarily been, make some attempt to estimate the

TABLE XVIII
QUANTITIES OF NUTRIENTS REQUIRED FOR
INDIVIDUALS PER DAY

United States Bureau of Home Economics (Striebeling)

	Energy Value, calories	Protein, grammes	Calcium, grammes	Phosphorus, grammes	Iron, thousandths of one gramme	Vitamin A Sherman units	Vitamin C
Child under 4	1,200	45	1	1	6-9	3,000	75
Boy 4-6, Girl 4-7	1,500	55	1	1	8-11	3,000	80
Boy 7-8, Girl 8-10	2,100	65	1	1	11-15	3,500	85
Boy 9-10, Girl 11-13	2,400	75	1	1.2	12-15	3,500	90
Moderately active woman, Boy 11-12, Girl over 13	2,500	75	1	1.2	13-15	4,000	95
Very active woman, active boy 13-15	3,000	75	0.88	1.32	15	4,000	100
Active boy over 15	3-4,000	75	0.88	1.32	15	4,000	100
Moderately active man	3,000	67	0.68	1.32	15	4,000	100
Very active man	4,500	67	0.68	1.32	15	4,000	100
Average per head of population	2,810	68	0.9	1.23	13-14	3,800	95

TABLE XIX

THE NATIONAL FOOD BILL OF
THE UNITED KINGDOM, 1934(Abbreviated from Sir John Orr's *Food, Health and Income*)

Commodity	Supply ooo tons	Total Retail Value, £ millions	Supply, per head per week	Approximate cost, per head per week
			oz.	s. d.
Meat	3,001	294½	44	2 5
Fish	902	52	13·2	5
	(millions)			
Eggs	7,156	42	3 eggs	4
	(ooo tons)		(oz.)	
Egg products	41	2½	0·6	2½
	(million gallons)		(pints)	
Milk, fresh	860	89	2·8	8½
	(ooo tons)		(oz.)	
Milk, condensed	240	10	3·5	1
Butter	533	54½	7·8	5½
Cheese	221	23	3·2	2½
Cream	34	7	0·5	¾
Margarine	164	8	2·4	¾
Lard	187	11	2·7	1
Potatoes	4,400	37	64·5	3½
Other Vegetables	2,085	40	30·2	4
Fruit	2,427	119	35·1	11½
Sugar	1,917	49	27·7	4¾
Tea, Coffee and Cocoa	278	48	4·0	4¾
Bread and Flour	4,850	83	71·1	8
Other Cereals	286	5	4·2	½
Add for cost of preparation of complex foods for market		100½		10
Totals	—	1,075	—	8 9½

adequacy of the present diet of the British people. But in order to do this we must have some standard of sufficiency. We have already quoted the scale drawn up in joint conference by the British Medical Association and the Ministry of Health's Advisory Committee on Nutrition for representative consumers of different ages and sexes. This, however, cannot be taken as a final estimate; and it must be borne in mind that it purports to deal only with minimum requirements for health, and makes no allowance for individual tastes or variations in need. These limitations are, in fact, specifically pointed out in the Report itself.

The Stiebeling Standard. In addition to the estimates made jointly by these two bodies, various other estimates have been put forward of the food needs of the representative individual, and some of these are far more specific in dealing with requirements as apart from calorific needs. Sir John Orr in his *Food, Health and Income* makes use of the standards laid down by Stiebeling of the United States Government Bureau of Home Economics. These include protein and mineral and vitamin needs as well as calories. They are given in summarised form in the table on p. 120.

The National Food Bill. It will be well to begin with some general consideration of the national food supply as a whole. Sir John Orr has estimated that the retail money value of the entire food supply of the United Kingdom in 1934, without any allowance for the costs of preparing food in the home and without including drinks other than milk, tea, coffee and cocoa, was approximately £1,075 millions, or rather less than 9s. a week per head. Sir John Orr's figures are set out in summarised form in the table on p. 121. It will be seen that, of the principal groups of food-stuffs, by far the most expensive was meat, which, together with fish, accounted for over £346 millions, eggs and egg-products accounting for more than £44 millions in addition. These two groups together thus added up to nearly

40 per cent of the total national bill for foodstuffs, apart from the costs of preparing complex foods. Milk and milk products, together with margarine and lard, cost well over £200 millions, or nearly 21 per cent of the total. Fruit and vegetables cost rather under £200 millions, or just over 20 per cent. Sugar, tea, coffee and cocoa together came to rather under £100 millions, or nearly 10 per cent. Finally, cereals cost £88 millions, or about 9 per cent.

The "average consumer," according to these figures, spent nearly 8s. 10d. a week on food.

	s.	d.		s.	d.
Meat and Fish	2	10½	Fruit	11	¾
Eggs and Egg Products		4½	Sugar		4¾
Milk and Milk Products	1	6½	Tea, Coffee and Cocoa		4¾
Margarine and Lard ..		1¾	Cereals		8½
Vegetables		7½	Additional Cost of Prepar- ing Food		10
TOTAL ..			8s. 9¾d.		

Changes in Consumption. Side by side with this picture of the national food budget as a whole we can usefully set certain figures showing, over a period of years, the estimated changes in the total consumption of some of the principal foods, together with their relative changes in price. These figures, which are given in the form of index numbers, refer to the quantities of the various foods consumed per head of population and not to total cost, while the price figures show the changes in cost per unit and not in the cost of the total supply per head of population.

It will be seen that the largest advance in consumption per head during the past two decades has been in fruit, with vegetables a good second. This is undoubtedly a real improvement in *average* nutrition; for as the table given on p. 117 shows, both fruits and vegetables are rich in mineral salts and fairly rich in vitamins A, B and C, which are essential protectives against bodily defects. Vitamin A, for example, is especially valuable as a protection against diseases of the eye, mouth, nose and throat, and also against

TABLE XX
ESTIMATED ANNUAL CONSUMPTION PER HEAD OF
CERTAIN FOODS IN THE UNITED KINGDOM
together with index numbers of price-changes per unit, 1909-34

	1909-13	1924-28	1934	1934 as percentage of 1909-13	Retail Price Changes per unit (1914 = 100) Index Numbers for July 1933	July 1936
	lbs.	lbs.	lbs.			
Fruit ..	61	91	135	188	—	—
Vegetables ..	60	78	115	164	—	—
(except potatoes)						
Butter ..	16	16	25	157	98	97
Eggs ..	104	120	152	146	120	112
(numbers)						
Cheese ..	7	9	10	143	106	99
Margarine ..	6	12	8	133	89	83
Sugar ..	79	87	94	119	120	112
Meat ..	135	134	143	106	128	133
Potatoes ..	208	194	210	101	116	213
Wheat flour ..	211	198	197	93	130 (Bread)	139 (Bread)
All foods ..					118	129

skin diseases. Vitamins B¹ and B² protect against beri-beri, pellagra and other diseases common in the Mediterranean countries but rare in Great Britain. Vitamin C is chiefly important as a protection against scurvy, while vitamin D is valuable for securing the correct formation of the bones and teeth, i.e. principally as a protection against rickets. The mineral salts—iron, phosphorus, calcium, iodine, etc.—have both body-building and protective functions; but they are requisite only in quite small quantities, and a good mixed diet usually affords a full assurance of an adequate supply.

Fruit and vegetables yield vitamins A, B and C. The next largest increase in average consumption has been in butter, which is chiefly an energy-providing food, but also a source of vitamin A and in summer of vitamin D as well. Vitamin D is, however, secured more extensively from eggs and from fat fish, such as herrings. (Cod-liver oil is an even richer source of this vitamin, which is of special importance for growing children.) Eggs come next in order of increased consumption; and this again means a great advance in average nutrition, because of their high content of "good protein," mineral salts, and of vitamins B and D and to a smaller extent of vitamin A as well. Next comes cheese, yielding "good protein," mineral salts and something of vitamins A and B. Margarine and sugar, which come next, are both calorific foods with little or no protective quality or value in body-building. Meat follows, very low down in the scale of increased consumption, and last of all come potatoes and wheat flour, the cheap foods of high calorific value on which it has been traditional for the poor largely to subsist. The fact that the consumption of cereals per head has actually decreased is the clearest possible sign that on *the average of the whole population* there has been in recent decades a real improvement in the standards of national nutrition.

It is unfortunate that milk, undoubtedly among the most valuable of all foods and of special value for children, cannot be included in the table, for lack of the requisite statistics.

We know, indeed, that the production of liquid milk in the United Kingdom expanded by about 14 per cent between 1907 and 1924, and by nearly 22 per cent between 1925 and 1935. As against this, there has been a decline, since 1931, in the imports of condensed milk; but total milk consumption has undoubtedly increased, though no precise figures can be given.

§ 8. FOOD SUPPLY AND REQUIREMENTS

THESE FACTS taken as a whole register an undoubted advance in average standards of nutrition. What we have now to consider is what they mean when they are related not to an imaginary "average consumer" but to the different social and economic classes of which the population is composed. Sir John Orr, in his book, converts the quantity of food consumed as given in the table on p. 124 into terms of food values. His conclusion is that between the period 1909 to 1913 and the year 1934, consumption per head changed approximately as follows: Animal protein—7 per cent increase; vegetable protein—5 per cent decrease; total protein—rather more than 1 per cent increase; animal fat—25 per cent increase; vegetable fat—about the same; carbohydrates—2½ per cent decrease; calories—6 per cent increase. He comments that the increase in the consumption of animal fats and of fruit is of high biological value, especially on account of their content of mineral salts and vitamins. But this favourable impression of the changes in food consumption as a whole has to be greatly qualified when he proceeds to break up the population into separate income groups and to analyse food consumption for these groups separately.

The Orr Income Groups. Sir John Orr begins by classifying the whole population into six groups according to size of income per head. The average income *per head* for

all the groups he puts at 30s. per week, out of which on the average 9s. is spent on food. His groups are as follows :

	Weekly Income Per Head	Average Weekly Expendi- ture on Food Per Head	Estimated Population of the Group	
			Numbers in Thousands	Percentage of Total
Group 1	Up to 10/-	4/-	4,500	10
Group 2	10/- to 15/-	6/-	9,000	20
Group 3	15/- to 20/-	8/-	9,000	20
Group 4	20/- to 30/-	10/-	9,000	20
Group 5	30/- to 45/-	12/-	9,000	20
Group 6	over 45/-	14/-	4,500	10

These percentages are far too symmetrical for truth ; but they agree broadly with the data concerning the distribution of incomes as set out in Chapter I.

It should, of course, also be remembered that the classification of families according to this grouping will not coincide entirely with their classification according to incomes, for a family with a relatively high total income may have a great many mouths to feed, and so drop into a low class of nutrition and *vice versa*.

Let us proceed, again following Sir John Orr, to consider the actual quantities of foodstuffs consumed by the sections of the population belonging to the six income groups. The members of Group 6 spend, on an average, the large sum of 14s. per head per week on food. In Sir John Orr's view that sum is sufficient, if properly laid out, to keep anybody in perfect health—not merely fairly well, or “ fit for work,” but in the health enjoyed by a good specimen of the governing class. Of course, in many cases it is not properly laid out, but that is a different story.

This class, however, contains many persons who spend a great deal more on their food than they need for health. If we turn to Group 5, with an average expenditure of 12s. per week per head, we find that this class also, while it has not money to spare for fancy foods, is getting enough to maintain it in health. These two groups together make up about 30 per cent of the nation. Below them begins deficiency in

nutrition, though Group 4 is not materially short of anything, except perhaps calcium. Group 3 is adequately provided for as regards proteins, fats, and total calories, but is somewhat deficient both in the essential minerals and in vitamin C. Group 2, with an average weekly income of 10s. to 15s. per head—i.e. an ordinary working-class family of five persons and earnings of about £3 a week—gets enough protein (though not enough *animal* protein), and just enough fats. But it is $1\frac{1}{2}$ per cent below the standard in total calories, and it is also seriously short of calcium, phosphorus and iron, and of vitamin C. Finally, Group 1, with weekly incomes of less than 10s. per head, falls below the standard in every respect. It is short of protein by nearly 7 per cent, and far more seriously short of “first-class” protein. It is 27 per cent short of fats, and $17\frac{1}{2}$ per cent short of total calories, despite its extensive use of cheap calorific foods. Of the essential mineral salts it is desperately short; and it gets less than half the requisite minimum supply of vitamin A, and not much more than half that of vitamin C. It is, in fact, a group of seriously under-nourished persons.

Middle Class and Working Class Family Compared.

Let us, however, for the moment ignore both Group 1 and Group 6, and compare the food consumption in Groups 2 and 5, each of which includes about a fifth of the total population. By doing this, we shall get a fairly good picture of the difference in conditions between, say, an ordinary working-class family of five persons with an income of about £3 and a middle-class family of the same size with about £500 or £600 a year.

Per head the richer family will consume on the average 12 per cent less bread and flour and 16 per cent less potatoes than the poorer. On the other hand, it will eat nearly 36 per cent more meat, more than twice as much fish and 68 per cent more eggs; 56 per cent more butter, 38 per cent more cheese, and much more than twice as much fresh milk—or even if condensed milk, of which the richer

TABLE XXI

ACTUAL FOOD CONSUMPTION IN VARIOUS INCOME GROUPS COMPARED WITH STANDARD FOOD REQUIREMENTS

(Summarised from Sir John Orr's *Food, Health and Income*)

	(Quantities in grams) Standard Requirements	Actual Average Consumption					
		Group I	Group II	Group III	Group IV	Group V	Group VI
PROTEIN—							
Vegetable	..	41	43½	44	44	43	40½
Animal ..	..	22½	32½	39½	45½	51½	58
Total ..	.. 68	63½	76	83½	89½	94½	98½
FAT—							
Vegetable	..	21	18	14½	13	12	11
Animal ..	..	50½	81	95	107	118	130
Total ..	.. 98	71½	99	109½	120	130	141
CARBOHYDRATE	.. —	348	381	395	403	406	396
MINERALS—							
Calcium	.. 0·6-0·9	0·4	0·5	0·6	0·7	0·8	0·95
Phosphorus	.. 1·23	0·8	1·0	1·2	1·3	1·4	1·5
Iron ..	.. 0·011	0·008	0·010	0·011	0·012	0·013	0·014
VITAMINS (in international units)—							
A ..	.. 1,900	774	1,250	1,624	2,015	2,210	2,875
C ..	.. 1,400	898	1,134	1,314	1,577	1,832	2,323
CALORIES ..	.. 2,810	2,317	2,768	2,962	3,119	3,249	3,386

Note the deficiency in *animal* protein in the lower groups, even when total protein is adequate.

Note the serious deficiency of vitamins in Groups I-III, and of mineral salts in Groups I and II.

Note that Groups I and II go short of calories, despite their *relatively* high consumption of cheap calorific foods.

family will consume only half as much as the poorer, is included—nearly twice as much milk of all sorts. It will use nearly 20 per cent more sugar, jam and similar products, but only about half the quantity of margarine and about the same amount of tea. Finally, the richer family will eat about two-and-a-half times as much fruit as the poorer and about three times the quantity of vegetables apart from potatoes. We have here a sharp contrast in standards of diet, not between the richest and poorest groups in the population, but between reasonably typical working-class and middle-class families of a certain size.

These facts about average diets in the different income groups are set out in Sir John Orr's book in much greater detail than we have space to reproduce. We have, however, attempted to bring out his essential conclusions in the table on p. 129.

The Increase Needed to Raise the Standard. If we were to aim at bringing up a really healthy nation, by how much should we have to increase the amounts of the various types of food which are consumed? Sir John Orr has calculated, in terms of commodities, what would be the additional amounts necessary in order to bring the average consumption in each group up, not to a satisfactory standard as such, but to the actual level of a higher group. His estimates on this point are summarised in the following table; and we have set beside them the actual increases in food consumption per head which have taken place in Great Britain during the past twenty years. These actual increases are, of course, *averages* for the whole population; and it must not be assumed that standards of consumption in the lower income groups have risen in the same proportions. It seems probable, indeed, that the increase in food consumption has been greatest in the middle ranges of incomes, and that, except in the case of butter, the lowest groups have benefited comparatively little. Fruit, vegetables and eggs are still consumed very little by the poorer sections of the people; and meat, of which they consume

TABLE XXII
HISTORICAL AND REQUIRED INCREASES IN
FOOD CONSUMPTION COMPARED

	Percentage Increases in Total Supply Required to Raise All Lower Groups to Existing Average of			Actual Percentage Increase in Per Capita Consumption	
	Group III	Group IV	Group V	Group VI	1909-13 to 1934
Fruit	9	25	53	124
Vegetables .. (except potatoes)	..	9	25	47	87
Milk	8	16	42	80
Butter†	..	8	15	24	41
Eggs†	7	18	27	55
Meat	7	12	18	29
					88
					64
					?*
					57
					46
					6

*The home-produced supply of milk increased by 20% between 1924 and 1934.

†It should be noticed that, against these increases, there would be a fall in the consumption of margarine and condensed milk. If all the lower groups were raised to the standard of Group VI, the consumption of margarine would fall by nearly one-half, and that of condensed milk by more than one-half.

more, though still by no means enough, shows a very much slower rate of increase.

In view of the magnitude of the required increases, this table is reassuring. There are unfortunately no adequate figures of milk consumption in the past; but for all the other foods in the list, with the exception of meat, the actual increases in consumption per head during the past two decades have been substantially greater than the percentage increases in total supplies which would be needed in order to raise all persons in Groups 1-4 to the existing level of Group 5—an adequate standard from the standpoint of nutrition alone.

No one in his senses can doubt that, as far as the technique of production is concerned, these increases in supply are easily procurable. In face of the post-war experience of the food-producing countries and their present eagerness to find expanding markets for their products, even at relatively low prices, the technical possibility of the requisite increase in production is beyond question. The problem is essentially one of demand, and not of an inability to produce enough.

It must not be forgotten that we are here considering the single problem of the supply of food, or that, as further chapters in this book will show, there are other necessities of life of which the people of England go lamentably short. If the incomes of the lower groups were raised, they would certainly not spend the increase entirely on food, and therefore, in order to get our additional food supplies actually into the people's stomachs, we should have to initiate an all-round rise in wages on a scale more than sufficient to buy the extra food. For the present we are only pointing out that the technical problem of supplying enough food to feed everyone properly is a comparatively simple matter.

Palatability. Our estimate has allowed for nothing more than the bare quantities necessary for nutrition. It has made no allowance for the wastage of food (to a certain extent inevitable) by hurried or careless cooking, or sometimes

by mere unimaginative failure to make food appetising. Good cooking is expensive of time and effort, and bad housing and domestic overwork are bound to lead both to waste of food and to an inordinate consumption of vinegar, sauces and pickles, in an attempt to make depressing meals go down with the minimum of repulsion. Yet only a Britain which enjoys its food can be a healthy Britain.

The French Socialist, Fourier, writing at the beginning of the nineteenth century, proposed a new type of society, based on the *Phalanstère*—an associative community in which the people would live and work together in social groups. Often he wrote dully about his proposed communities; but his heart leapt up whenever he began, as he often did, to discuss what they were to eat. He provided them, in imagination, with the most dainty and appetising *cuisine* for their Utopia. He would, undoubtedly, have been shocked to the soul by a recent and very well-meant publication, issued by the British Medical Association, entitled *Family Meals and Catering: a Cookery Booklet for Housewives*. This publication, designed as a help to persons of straitened means, consists largely of specimen menus and weekly food budgets intended to yield adequate nutrition at minimum cost. Fourier was a Frenchman from Besançon, with French standards of food and cooking; but even English well-to-do persons would be strongly resistant to the monotony and tastelessness of most of the meals suggested by the B.M.A.

Yet undoubtedly these specimen "Family Meals" represent a standard of living which is beyond the reach of a very large proportion of the working-class households of to-day, and even a standard of appetisingness which the food of most working-class families with young children must fail to reach. Apart from the patent appetisers previously mentioned, almost nothing can be done to raise the standards of pleasantness in the family meals of the lower income groups without increasing their incomes—for poor housewives needs must concentrate mainly on cheaply filling and easily prepared foods. Side by side, however,

with the raising of incomes, it is of real importance to bring about improvements in the standards of cooking and preparing food. A good deal might be done towards this with comparative ease in a society organised more than ours for taking, or at any rate preparing, a good many of its meals on a collective basis. Perhaps that will come. In any case, a raising of culinary standards in the home is badly needed. This is partly a matter of improved training in domestic economy both at school and in later part-time education; but it is also, and to a much greater extent, a matter of improved housing accommodation and more leisure for housewives, and of higher incomes in order to provide better and more varied things to eat.

§ 9. FOOD BUDGETS

WE HAVE so far avoided in this chapter the use of food budgets, whether derived from actual enquiries among working-class and other housewives or "prescribed" by expert authorities who have laid down desirable maxima for health and decent living. We must now, however, refer briefly to some of the principal materials of this sort which have become available in recent years. In 1932, as the outcome of an international enquiry set on foot by Henry Ford, the International Labour Office published a volume in which it compared the costs in various countries of maintaining a standard of living equivalent to the actual standard of an average working-class family in Detroit in 1929. We are not now concerned with the results of this enquiry as such; but it was based upon an ascertainment of actual standards of consumption among the workers of Detroit, and it seems worth while to set down this average actual budget side by side with certain "prescribed" budgets put forward by experts on the strength not of observation of actual conditions but of their own estimates of what is requisite for adequate nutrition or for decent living.

The "budgets" included in the table are four in number. First comes the "Standard of Health and Decency Budget" published by the U.S. Bureau of Labour Statistics in 1920 during the period of post-war "reconstruction." Secondly, we have the well-known "Bowley budget," which has been largely used in Great Britain both by social investigators and in the course of arguments about wage-rates—for example, in the epic battle between Mr. Ernest Bevin and Professor Bowley at the Dockers' Enquiry in 1920. Thirdly, we have the budget embodied in "Diet 14," as set out in the British Medical Association's Nutrition Report of 1933. This, it should be observed, costs less and has a lower food content than some of the other diets included in the Report—for example, "Diet 16," which is intended for families at a rather higher level of income. Finally, we have the independent proposals put forward in 1936 by the Engineers' Study Group on Economics, which approached the problem with rather more concern for the palatableness and variety of the diet and with less exclusive regard to its purchasability at minimum cost.

In presenting these five "budgets," one based on an investigation of actual consumption and the other four purely imaginary, we have made use of a table compiled by the Engineers' Study Group and used by it in presenting its own proposals. We have, however, modified the original table, first by omitting altogether an "actual" budget based on a much lower standard revealed by the investigations made in the course of the New London Survey, and, secondly, by adding a calculation which separates cereals and potatoes from the other items included in the suggested diets. Inevitably any comparison in terms merely of lbs. weight consumed must be very rough; but the separation of these two items reveals very clearly certain outstanding differences between the various estimates.

Thus in the Detroit *actual* budget, the percentage by weight of cereals in the whole diet is only $31\frac{1}{2}$, and in the American "Health and Decency" budget 32, whereas it is nearly 61 in the "Bowley budget" and well over 50 in the

TABLE XXIII
 VARIOUS ESTIMATES OF ACTUAL OR DESIRABLE FOOD
 CONSUMPTION FOR A "STANDARD FAMILY"

(Amounts in lbs.)

Size of Family—		Actual Average Consump- tion of Working- Class Families in Detroit, 1929	Standard "Health and Decency" Budget, U.S.A., 1920	Bowley's Standard Family Budget	B.M.A. Budget for Health and Working Capacity at Minimum Cost, 1933	Desirable Budget drawn up by Engineers' Study Group, 1936
(a) Persons ..	..	4.5	5.0	—	5.0	—
(b) "Equivalent men"	"	3.27	3.58	3.14	3.03	3.14
Meat and Fish ..	..	8.0	8.5	8.6	6.5	12.5
Eggs ..	..	2.3	2.0	—	—	1.5
Butter and Margarine ..	..	1.8	1.8	1.6	0.5	2.0
Milk, fresh ..	..	21.6	35.0	11.0	30.6	18.75
Milk, condensed ..	..	1.3	1.2	—	—	—
Cheese ..	..	0.3	0.4	2.4	2.0	0.75
Lard and Substitutes ..	..	1.1	1.0	0.9	0.5	1.0
Fruit ..	..	10.6	9.4	—	—	9.0
Peas and Beans ..	..	0.5	0.5	0.6	—	0.5
Vegetables (except Potatoes)	10.0		9.0	1.6	6.0	10.0

Sugar	3.8	3.8	1.0	5.25	4.0
Tea, Coffee and Cocoa...	0.7	1.0	0.6	0.5	1.0
Miscellaneous	3.3	—	—	1.25	2.75
Total of above	65.3	73.6	28.3	53.1	63.75
Cereals	18.6	19.8	36.1	47.0	22.0
Potatoes	11.3	15.1	7.9	7.0	12.0
Totals of Cereals and Potatoes	29.9	34.9	44.0	54.0	34.0
TOTAL	95.2	108.5	72.3	107.1	97.75
Cereals and Potatoes as percentage of total ..	31.4	32.2	60.8	50.4	34.8

B.M.A.'s "Diet 14." In the Engineers' Study Group budget the proportion of cereals is under 35 per cent. The reason for these differences is plain. Both Professor Bowley and the B.M.A. set out with the explicit object of securing the nutritive value essential for health and working efficiency at the lowest possible cost, whereas the Detroit *actual* budget represents the choice of foods made in fact by a large body of workers, and the other two "prescribed" budgets were both intended to make the diet pleasant and satisfying as well as merely nutritious. It is very doubtful whether the "Bowley budget" is adequate even for bare health, on account of probable deficiencies in mineral and vitamin content. The B.M.A. budget may be adequate in these respects; but it is practically certain that no considerable body of consumers with the contemplated amount of money to spend on food—19s. 3½d. a week at the mean prices of 1933—would ever live on it. They would divert a part of the sum to buying foods they liked better, even if the aggregate nutritive value thus secured were smaller.

We must in fact, in any realistic budget, allow for preferences as well as for sheer nutritive values. This is the reason for taking as our basis a higher standard of consumption than professional medical opinion would be likely to prescribe. We ought, moreover, to raise our standard for private families above the standard which can reasonably be applied to large-scale collective catering in institutions. Large institutions, if they are competently run, can reduce wastage, buy more cheaply and, by care in composing menus, secure variety at lower cost than the ordinary housewife. We must beware of supposing that the standard which may be adequate for a well-managed institution will in fact secure the effective nourishment and satisfaction of a typical private family.

§ 10. CONCLUSIONS

IN THIS CHAPTER we have set before ourselves certain strictly limited aims. We have tried to show to what extent

the diet of the nation as a whole has improved in recent years, how the existing food supply is distributed among different economic groups, and by how much in these various groups the existing supply falls short of what ought to be regarded as a tolerable minimum of nutrition. We have not been concerned so far with certain other closely related questions, such as the changing cost in money either of the existing dietaries of the people or of a national food supply which could reasonably be regarded as securing all-round adequacy. Nor have we considered at all the relations which exist between the cost of food and other costs in the composition of family budgets at each income level, or the relative urgency of improving food standards and, say, supplying better houses or better education or any of a hundred other desirable things. We have been dealing with the condition of the British people only in one of its numerous aspects—that of food consumption treated in isolation from other factors. In the following chapters we shall have to consider the problem in certain other essential aspects, and thereafter to attempt some sort of synthesis, by presenting a general picture of the economic condition of the people in the light of the distribution of incomes, the supply of food, houses, education and other social services, and also of the changing price levels at which these various requisites of decent living are to be obtained.

All that we claim to have established at this stage is that the existing situation is grossly unsatisfactory in certain definite respects. The maternal mortality is intolerably high, and is tending to rise rather than to fall. The physical condition of school children, and also that of the adult population as far as it is known, is indicative of serious mismanagement and waste of our national resources. There is abundant evidence of the grossly unequal distribution of good health between rich and poor, and between depressed and prosperous areas. It is proven that serious malnutrition prevails among nearly a third of the whole population, and malnutrition in a lesser degree among well over one half. Yet, at any rate from a purely technical point of view,

the additional supplies which are needed in order to ensure adequate nourishment for all could readily be made available; and we are therefore already faced with the question whether the fault may not lie primarily in the economic system under which we live, and whether any remedy can be found without a fundamental alteration in this system.

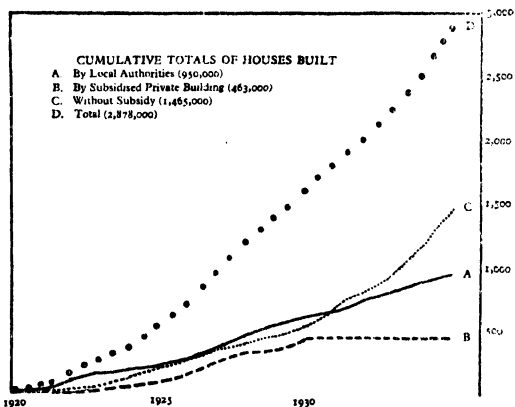
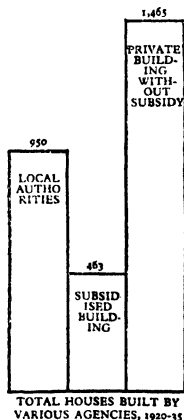
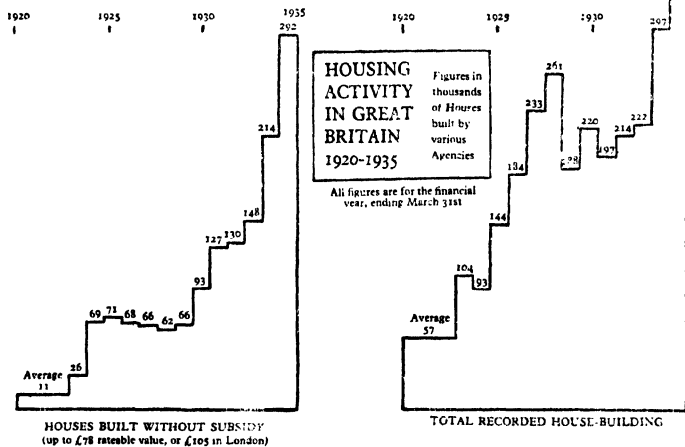
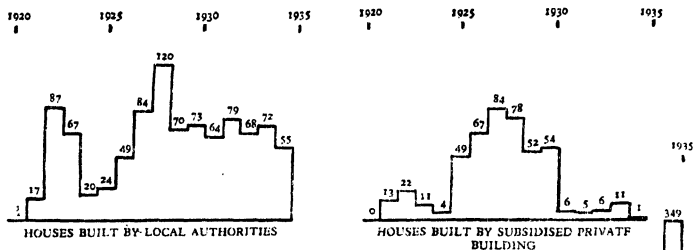
Issues of this sort, however, can only be raised at this stage and not decided. Only when we have filled in the picture of things as they are, can we usefully go on to consider by what means the situation can be best and most rapidly improved.

CHAPTER III: THE DWELLINGS OF THE PEOPLE

1. House-Building Since the War
2. Rents and Rent Control
3. Overcrowding and its Causes
4. Differential Rents
5. Building Costs, Rates, and Rents
6. Slum Clearance and the Provision of New Houses
7. Town and Region Planning
8. Garden Cities and Garden Suburbs

§ 1. HOUSE-BUILDING SINCE THE WAR

BY THE END OF 1936 the number of new houses built in Great Britain since the end of the war will be well over three millions, and of these about a million will have been built since the end of 1932. During the past four years the building industry has been among the busiest and most rapidly expanding branches of production, despite the relative inactivity over most of the time of factory construction and many other forms of non-residential building. A great deal has been written and spoken during these years about the contribution which the revival of house-building has made to general economic recovery. Even before the housing boom began the Census of 1931 had shown that the number of occupied houses in Great Britain was greater by 1,300,000 than it had been ten years before, and that the average number of persons to a house, in terms of total population, had fallen over the same period from 4·62 to 4·22. These figures allow, as the gross figures of new



building do not, for the demolition of old houses both under slum clearance schemes or individual demolition orders and for any other cause. The gross number of new houses built between 1921 and 1930 was about 1,600,000, and in addition an unknown number of old houses were cut up into flats or distinct dwellings so as to count as more than one house each in the Census figures, which treat every separately occupied dwelling or apartment as a distinct "house." Of course some dwelling houses will also have been converted during these ten years to other uses, for example as offices; but the number converted in this way must have been relatively small. Clearly, total demolitions were considerably more numerous than the 300,000 which constitute the difference between the gross new building and the net increase.

Public and Private House-building. These new post-war houses have been built chiefly in three ways—first by unassisted "private enterprise", either of commercial builders or of individuals needing houses for themselves, or of housing or building companies of one sort or another; secondly by subsidised "private enterprise" of any of the same types; and thirdly by local authorities, usually but not always with financial assistance from the State. In all, up to the end of 1935, nearly a million and a half new houses had been built in the first of these ways, rather under half a million in the second, and rather under a million in the third. The number of houses built by local authorities without State aid is so small that in the figures on p. 145 we have grouped them with the rest of the local authority houses in a single category.

Unaided private enterprise had actually been responsible up to the end of 1935 for roughly 50,000 more new houses than both the other groups put together. But this very large contribution had been made mainly since 1930. Up to the middle of 1930 the total contribution of unaided private enterprise was under half a million houses, whereas it was responsible for a full million between then and the

TABLE XXIV
HOUSES AND POPULATION,
1851-1931

		No. of "Occupied Houses" in thousands	Population per "house"		No. of "Occupied Houses" in thousands	Population per "house"
		<i>England and Wales</i>			<i>Scotland</i>	
1851	..	3,278	5·46	..	—	—
1881	..	4,832	5·37	..	739	5·05
1911	..	7,142	5·05	..	1,013	4·70
1921	..	7,811	4·85	..	1,058	4·62
1931	..	9,123	4·38	..	1,149	4·22

TABLE XXV
HOUSE-BUILDING IN GREAT
BRITAIN SINCE THE WAR
(In thousands of houses built)

		By Local Authorities		By Subsidised Private Enterprise		By Unsubsidised Private Enter- prise, Exclud- ing Large Houses		Total
1920	..	0.6	..	0.1				
1921	..	16.8	..	13.3	..	33.0 *	}	172
1922	..	86.6	..	21.6	..			
1923	..	67.1	..	11.1	..	25.8	..	104
1924	..	19.6	..	4.5	..	69.4	..	93
1925	..	23.9	..	48.8	..	71.1	..	144
1926	..	49.5	..	66.6	..	68.3	..	184
1927	..	83.7	..	83.7	..	65.9	..	233
1928	..	120.5	..	77.7	..	62.5	..	261
1929	..	69.7	..	52.2	..	66.0	..	188
1930	..	73.3	..	53.8	..	93.1	..	220
1931	..	64.0	..	5.6	..	127.2	..	197
1932	..	79.0	..	5.3	..	130.1	..	214
1933	..	68.2	..	6.4	..	147.6	..	222
1934	..	72.2	..	11.3	..	213.8	..	297
1935	..	55.5	..	1.1	..	292.4	..	349
Totals	..	<u>950</u>	..	<u>463</u>		<u>1465</u>		<u>2878</u>

* Estimated.

end of 1935. Subsidised private building practically ceased, except for a special scheme in Scotland, in 1930. Building by local authorities, almost always aided by State subsidies, has fluctuated widely in accordance with the changing attitudes of Governments as embodied in the successive Housing Acts. It reached a peak in 1922-23 under the Addison scheme, died away almost to nothing in 1923-24 under the retrenching zeal of Lord Melchett, then Sir Alfred Mond, reached a new peak under the combined influence of the Chamberlain and Wheatley schemes in 1927-28, and has since then fluctuated under a succession of Acts and schemes between 60,000 and 80,000 a year, except in 1935, when it fell as low as 55,500. Between 1920 and 1922, under the Addison scheme, the local authorities built 104,000 houses, and all forms of private enterprise, with or without subsidy, only 68,000. In 1928, when local authority building reached its highest point, public bodies built 120,500 new houses as against about 140,000 built by private enterprise with or without subsidy. On the other hand, in 1935 unsubsidised private enterprise alone built 292,400 as against the local authorities' 55,500.

The history of post-war housing thus reveals itself as a struggle by private enterprise, usually with the aid and encouragement of the Government in power, to re-establish its lost predominance in house-building. Except during the two periods when Labour has been in office, it has been the definite aim of the Government to get the largest possible share in house-building taken by private enterprise on a profit-making basis. Governments have regarded it as the ideal that all houses should be provided by private builders under the stimulus of the profit motive without any sort of assistance from the State or from local governing bodies. Where this has been impossible, they have been more willing to subsidise private building than to encourage the local authorities to become owners of house property built by themselves. Where this too has been unworkable, they have preferred the local authorities, if they must undertake building, to employ profit-making contractors

to carry out the work rather than execute it by direct labour. They have also, as a rule, wished to encourage tenants to purchase their houses rather than rent them, in the belief that house ownership is a means of promoting the capitalist mentality among the intermediate classes in society.

The Addison Scheme. In the period immediately after the war, building costs were so high in relation to possible rents or to the ability of those needing houses to purchase them, that private enterprise was practically excluded from the erection of small or medium-sized dwellings. The Addison scheme had to be launched on a grand scale in order to meet the unbearable housing shortage caused by the almost complete suspension of building during the war; and it had to be financed by a lavish system of subsidies designed to get as many houses as possible built in a hurry almost regardless of cost. The local authorities were no more ready than private builders to incur the huge prospective losses involved in building at very high costs with a virtual certainty that prices, and with them costs, would fall sharply in the near future. Accordingly, under the Addison scheme, the State had to stand the racket, asking from the local authorities only a fixed contribution and bearing itself the whole of the residuary loss. This scheme was both expensive and very unpopular with private enterprise—at any rate if we except those builders whom it enabled for the time being to make enormous profits out of the State. Consequently, at the earliest possible moment, the Addison scheme was wound up, and with it ended the period of lavish promises about “homes for heroes.”

The Chamberlain Scheme. The destruction of the Addison scheme after the big drop in prices between 1921 and 1923 was the first large-scale attempt to bring private enterprise effectively back into the field of house-building. But the complete collapse of activity which followed soon compelled a recognition that private enterprise would not

do anything without subsidies towards meeting the still clamant demand for working-class houses. Mr. Chamberlain therefore inaugurated in 1923 his scheme for encouraging private builders by means of limited subsidies, while leaving the way open for a resumption of building by local authorities as well, with the aid of a similarly limited amount of State assistance. From this time onward, the State no longer bore the residuary costs of housing; it restricted itself to the granting of fixed subsidies in aid of either public or private building.

The Wheatley Act. The following year the first Labour Government assumed office, and at once attempted to do something effective towards meeting the working-class demand for houses. The effect of the Chamberlain Act of 1923 was that houses were being built mainly for sale and not for letting, and, despite the subsidy, were fetching prices which the vast majority of the working classes could not possibly afford to pay. The Wheatley Act of 1924, though it was partly mutilated before it got through Parliament, offered the local authorities special subsidies at a higher rate, on the strict condition that they should build houses to let and not to sell, and that the benefit of the increased subsidy should be passed on to the tenants in the form of a corresponding reduction in rents.

The Wheatley Act was the first and the only real attempt to provide houses for letting at "working-class rents." Even so, the houses built under it were in most cases too dear for any save the best-paid sections of the manual workers; and there were considerable differences between one area and another in the levels of rent actually charged by the local authorities. The great mass of the workers, unable to afford the new houses, continued to occupy the older dwellings, or rushed into second-hand dwellings vacated by tenants of superior means who were moving into the new houses. Under these conditions, the slum problem in particular remained almost entirely untouched.

1924-36. After the fall of the Labour Government in 1924, the Chamberlain and Wheatley Acts remained in force side by side. The Chamberlain scheme was finally brought to an end under the National Government in 1932, after 438,000 houses had been built under it in England and Wales. The Wheatley scheme lasted longer, but was greatly slowed down after the crisis of 1931, under the pretext of "national economy." By March 1935, it had financed the building of 520,000 houses in England and Wales.

The Wheatley Act, though even the National Government had to recognise the impossibility of winding it up at once when they came back to office in the crisis of 1931, was extremely unpopular among the advocates of unfettered private enterprise, on the ground that it stood for "unfair" public competition with the private builder. Every possible attempt was made, except while Labour was in office, to discourage its extensive use. In England and Wales over 90,000 houses were completed under it in the financial year 1927-28, mainly as a result of plans set on foot under the first Labour Government. The number fell to 55,000 in the following year, and to under 50,000 in 1932-33 and 1933-34. In 1934-35 it was under 12,000; but by this time the scheme was being finally wound up.

Meanwhile, new schemes had been introduced by the second Labour Government under the Greenwood Housing Act of 1930, which instituted the first attempt at large-scale slum clearance and re-housing of slum-dwellers. The Labour Government fell before there had been time for much to be done under this Act, and the administration of it fell into the hands of the National Government which, after a period of damping down all housing activity in the name of "national economy," decided to resume slum clearance under conditions based on the Greenwood scheme. In 1933 the subsidies under both the Chamberlain and the Wheatley Acts were definitely ended by the Housing (Financial Provisions) Act, though some subsidies continued to be paid after this date in respect of schemes

already in progress. Finally, in 1935, a new Act was passed re-introducing housing subsidies in a modified form for general house-building as well as for slum clearance, but relating them to the problem of "overcrowding"—that is, to the re-housing of overcrowded families as well as those living in insanitary houses or areas. The "Overcrowding Census" of 1936 was taken under this Act.

In this review of housing policy since the war we have left out a number of secondary schemes which have produced relatively insignificant results. For example, in 1926 a special Act was passed dealing with rural housing, with the object mainly of providing grants-in-aid, not for the building of new houses, but for the improvement of existing dwellings. This measure was supplemented in 1931 by a second Act, of a purely temporary character, granting subsidies in aid of the erection of low-rented cottages for agricultural labourers. But these two Acts together had provided by April 1935 only 8,280 dwellings in England and Wales—far fewer than were provided in rural areas under the general Acts already reviewed.

§ 2. RENTS AND RENT CONTROL

NO SURVEY of post-war housing developments can be intelligible without some parallel reference to the question of rent control. The restriction of rents became indispensable during the war as the result of the almost complete cessation of new building, except in a few munition centres; and much as this interference with the "free" functioning of the price system was hated by property-owners, its discontinuance was realised to be impracticable after the war, and has not been completed even to-day in face of the continued housing shortage. In the immediate post-war years, the permitted level of rents for "controlled houses" was on the average about 50 per cent above the pre-war level, whereas the cost of new building had been at least

doubled, and in some areas a good deal more than doubled. Even the subsidies provided under the various Housing Acts were not nearly enough to bridge this gap; and there came to be—as there still are—two rent levels existing side by side, one for “controlled houses” and the other for new houses built since the war or, to an increasing extent, for older houses which have become “decontrolled.”

Partial Decontrol. Throughout, the object of the upholders of profit-making enterprise has been to restrict rent control within the narrowest possible sphere, with a view to ending it altogether at the earliest practicable moment. Ever since the Chamberlain Rent Act of 1923, which was the first big step towards “decontrol,” this object has been pursued by two methods—by reducing the maximum rent level above which control is no longer to operate, and by providing that houses shall become “decontrolled” upon a change of tenant.

Naturally, the effect of this latter provision has been to give the tenants of houses still subject to rent control a strong incentive not to move if they can help it, because removal involves in most cases the payment of a considerably higher rent. Partial decontrol has thus interfered substantially with the mobility of labour. In 1931 a special committee which had been appointed to consider the problem reported that one-eighth of the smaller working-class houses had become “decontrolled” by that time as the result of the Act of 1923. In 1933 it was recognised, even by the National Government, that “decontrol” could not be allowed to proceed wholly unchecked, and the Rent Restrictions Act of that year prevented any further “decontrol” of the very lowest rented types of houses before 1938, and thus stabilised the rents of about 4 millions of the smaller working-class dwellings. At the same time, provision was made for the complete “decontrol” of the larger types of houses still subject to control, wherever the landlord made application for it—this measure applying to houses down to a rateable value of £35 a year. Houses rated at £15-£35 were still

left subject to "decontrol" on change of tenancy—only houses rated at less than £15 being covered by the special provision postponing "decontrol" until 1938. In that year, in the absence of fresh legislation, all forms of control were destined to end. The rent levels just given are those which apply outside the London area and Scotland, for which the prescribed limits are in both cases somewhat higher.

The campaign for "decontrol" of rents has played an important part in the general campaign of the profit makers for a return to unfettered "private enterprise" in housing. In this movement two further factors have been of major importance—the fall in interest rates and the immense expansion of the Building Societies, to one aspect of which we have referred in an earlier chapter.

The Fall in Interest Rates. The fall in interest rates was of peculiar importance in stimulating the building industry because capital charges constitute a high proportion of the total sum to be recovered in rent. Suppose a house costs £400 to build. If the current rate of interest is 5 per cent, the rental necessary to cover this charge alone will be 7*s.* 9*d.* a week, without any allowance for sinking fund or management expenses. If, however, the rate of interest falls to 3 per cent, the corresponding weekly charge will be reduced to 4*s.* 7*d.* Actually, interest rates, reckoned in terms of the average yield of 3½ per cent Conversion Loan, fell from 4½ per cent in 1931 to about 3¼ per cent by the end of 1934, and in November 1934 the Public Works Loans Board reduced its rate for housing loans to 3¼ per cent. But it is necessary in housing finance to provide a sinking fund in addition to meeting the interest charge. The amount of sinking fund depends, of course, on the estimated life of the house, or rather on the period of years over which it is decided to repay the capital expended. The Building Societies, under the Act of 1933, which gave them a recognised place in the new Government Housing Scheme, demand repayment within 30 years, which involves a

sinking fund charge of well over 2 per cent. If, however, as several Government Committees have proposed, the period of repayment for public enterprise houses is put at 60 years, the sinking fund charge falls to less than 1 per cent per annum. At the higher figure the sinking fund charge will involve an extra 3s. in the weekly rent. With a longer period of repayment the addition to rent will be proportionately reduced.

It is a common mistake to suppose that the economic level of house-rents depends chiefly on the price of building labour. Actually, the labour costs of house-building are seldom half as much as the cost of materials, and a reduction in the wages of building trade operatives has therefore comparatively little effect on the economic rent. A fall in prices of building materials is a much more important factor, as Wheatley realised in 1924, when he attempted unsuccessfully to pass an Act bringing these prices under State control. But the level of interest rates is still more important. The fundamental cause of the building boom of the past few years is to be found in the sharp fall which has occurred in current rates of interest.

The Building Societies. This fall has, moreover, been largely responsible for the extraordinary growth of the Building Societies, which have been able, aided by the favourable position accorded to them in respect of taxation, to offer investors better terms than any other type of equally secure investment open to the small capitalist. The Government, in its efforts to restore the supremacy of private enterprise in house-building, has found in the Building Societies its most useful allies. They have been able to attract to themselves practically unlimited amounts of capital; and this capital has then been lent by them to house purchasers on terms which give practically complete security to the Building Societies and to their investors. Indeed, it is quite arguable that the Building Societies have been profiteering in the interests of their investors at the expense of those who have purchased houses with their aid.

The Building Society habitually advances substantially less than the full purchase price of the house on which it acquires a mortgage. Accordingly, any fall in the value of the house leaves it fully covered up to the amount of the difference—the loss falling on the purchaser, whose savings invested in the house must be forfeited before any loss can fall upon the Building Society. In the absence of Building Societies, prepared to advance a large part of the purchase price, private builders would never have been able to find buyers for most of the houses which they have been erecting in recent years, and the building boom simply could not have happened. But with the Building Societies and the private builders playing neatly into each others' hands, the boom has been able to proceed a very long way with profit both to the builder and to the Building Society and its investors, if not to the house purchasers, who have all too often been forced to buy their houses in a falling market in which both costs of building and interest rates have been moving downwards.

The Building Societies, of course, claim that they are serving well the interests of their many thousands of shareholders and depositors; and so they are. But they are certainly serving no less the private builders, who are enabled by them promptly to shift their risks and recover their capital by selling their houses as fast as they build them. The Building Societies perform, in the existing condition of Government policy, a necessary function by making it possible for persons with only a small amount of capital to buy houses for themselves where it would often be impossible to rent them on tolerable terms. But might it not be far better for the mass of these house purchasers if they could find houses which they could rent on reasonable conditions instead of having to buy their dwellings and thus incur the serious risks involved in locking up their scanty savings in a doubtful asset and pledging themselves to a rapid rate of capital repayment as an addition to the economic rent?

The Working Class and New Houses. But, it may be argued, as long as houses are being built in very large numbers—as they undoubtedly are—what need is there to trouble our heads about the situation? The ground for disquietude is that of all this active house-building only a quite small proportion has gone into the erection of houses which are within the means of ordinary working-class families earning relatively low wages. It is true that, out of 1,551,000 houses provided in England and Wales up to September 1935 by unassisted private enterprise, 1,261,000 had rateable values of less than £26 a year in the provinces and £35 in Greater London. But the majority of these houses were not far below these maximum levels; and, when account is taken of the sinking-fund and other charges, including rates, anything approaching these figures involves rents which are either prohibitive to the main body of working-class families, or, if they are paid, involve the expenditure of so large a proportion of total income in rent as to leave altogether too little for food and clothing after other fixed charges have been met.

Consequently, the general run of working-class families, except where they have been able to obtain exceptionally low-rented Council houses, remain for the most part in the older dwellings, controlled or uncontrolled. This, of course, helps to keep up the rents of the old houses wherever they are not subject to control. As for the slum-dwellers, it is out of the question for them to move into new houses, except where they are forcibly removed under a slum clearance scheme or demolition order; and even then the position is likely to be that the new rent which they are compelled to pay is so high as to compel them to go short of food, with the fatal reactions which Dr. M'Gonigle has tellingly described in his study of conditions in Stockton-on-Tees.

In fact, the existence of the "building boom" gives no assurance at all that housing conditions, much less social conditions in general, will be improved for families which have been living in insanitary or congested housing

conditions. It is often argued that, indirectly at any rate, the building of new houses, even if their rents are high or they are available only for purchase at high prices, must improve conditions for those lower down the social scale by enabling each section of the population to "move up one"—the best-off into the new houses, the next best-off into the houses vacated by the best-off, and so on down the scale until the slum-dweller is able to secure rather better accommodation than he was able to get before. This argument is not wholly without foundation; but even those who make use of it are compelled to agree that the benefits take a very long time to filter down, and that there is still very little sign of them among families in the lower income groups.

§ 3. OVERCROWDING AND ITS CAUSES

THE ENTIRE SITUATION is very greatly affected by the changing size of the family and by the changing geographical distribution of industry and population. As we have seen, the fall in the number of children in the total population creates a need for a larger number of houses in relation to the total number of individuals. Between 1921 and 1931 the population over twenty years of age in England and Wales rose by rather more than 3 millions. But in the same period the number of married persons rose by rather over 2 millions. By 1941, according to an estimate made by C. S. Hill, of the *Economist*, the number of people over twenty will have risen by rather more than 2 millions above the 1931 figures. Smaller families mean a need for more houses; and when the number of families is increasing considerably faster than the total population it is quite possible for the building of houses on a large scale to fail to provide any supply of empty dwellings into which those lower down the social scale can "move up."

The geographical factor is of at least as great importance. We have seen that the increase of population has been very

uneven in different areas, and in particular that the population of Greater London has been increasing at a rate quite out of proportion to the rate of increase for the country as a whole. It is true that the new houses built by unassisted private enterprise have been built mainly in the expanding areas—above all, round London and the Home Counties—because in these areas the ability to pay a high rent or to put down a substantial fraction of the purchase price is much greater than elsewhere. But the influx of population into this area involves an influx of poor as well as relatively well-to-do households; and the new private building has done almost nothing to meet the needs of these poor households, which huddle into the cheapest accommodation they can find at a reasonable distance from their places of employment.

On the other hand, even with the aid of State subsidies, the less prosperous areas are in a much worse position than the more prosperous for meeting even the most urgent housing needs. Where population has been increasing in areas affected by the economic depression, as on the North-East Coast, appallingly bad housing conditions are apt to exist, on account both of gross overcrowding and of failure by land-owners to keep dwellings in decent repair. Rent Restriction, essential as it is for the poorer tenants, has undoubtedly made land-owners much more unwilling to carry out even necessary repairs; and where the workers own their own houses they often become unable, in the depressed areas, on account of low earnings and unemployment, to maintain them in good condition, except at the cost of going short of food.

The Report on Overcrowding. A part of this evil, but only a part, is laid bare in the *Report on Overcrowding in England and Wales* published in 1936 as a result of the Overcrowding Census taken under the Housing Act of 1935. Inevitably, the extent of overcrowding in any community is a matter of opinion, for it depends on the standard adopted. In the Overcrowding Survey the standard taken is

very low. The "permitted number" of persons is 2 to a single room, 3 to 2 rooms, 5 to 3 rooms, $7\frac{1}{2}$ to 4 rooms, 10 to 5 rooms, and thereafter 2 persons to each additional room. But this is not so simple as it sounds; for children under 10 years of age are counted as only half an adult, and there is also some differentiation of rooms by size. Rooms of less than 50 square feet are not counted at all, and rooms of less than 110 square feet are counted only as a fraction of a "room" in the full sense. Only living and sleeping rooms and not bathrooms and sculleries, where they exist, are taken into account.

On the basis of this somewhat complicated standard, every housing authority in England and Wales made, in the early months of 1936, a special survey of the houses in its area. Each local authority was left, subject only to general suggestions, to adopt its own method of survey, and there is accordingly an element of uncertainty about the results. Some local authorities did survey all houses; but others excluded obviously middle-class areas, and therefore tended to return a somewhat higher percentage of overcrowded dwellings than those which included all dwellings in their survey. This factor, however, is probably not of enough importance seriously to affect the results of the census.

The Amount of Overcrowding. In all, nearly 9 million dwellings were inspected, and of these 341,554, or 3·8 per cent, were found to be "overcrowded" in the sense just defined. Naturally, the degree of overcrowding was found to differ widely, both from one area to another and for families of different sizes. Families of 2, for example, occupied on an average 6 "units" of accommodation, whereas families of 10 occupied less than 9 "units." The percentage of families overcrowded was 0·2 in the case of families of 2 "persons" and 4·8 in families of 5; but it was 50 per cent in families of 9, and over 70 per cent in families of $10\frac{1}{2}$ standard "persons."

Can Overcrowding be Remedied? On the face of it there is a reassuring sound about the official announcement that

out of the nearly 9 million dwellings inspected, less than 4 per cent were found to be overcrowded. It is, indeed, estimated that to remove this amount of overcrowding about 200,000 new houses would need to be built in England and Wales and to be actually occupied by the families which are now herded together in these overcrowded dwellings. But in view of the rate at which new houses have been run up in recent years, there is nothing very alarming in the demand for a mere 200,000 more. We have seen that about $1\frac{1}{4}$ million new houses have actually been built in Great Britain since 1931. There is, of course, some offset on account of houses demolished under Slum Clearance Schemes, or to make way for buildings of other sorts; but, even so, it need not take long to make an end of "overcrowding" as it is at present defined, provided only that the families at present living in overcrowded conditions, and not those which are at present "uncrowded" according to the official terminology, are able to occupy the additional space.

Nor is the problem unmanageable, in a purely quantitative sense, even if we proceed to amend our definition of "overcrowding" so as to include all cases in which living-rooms have to be used for sleeping as well. This change of definition, as the Ministry of Health has stated officially, would raise the number of "overcrowded" dwellings from 341,000 to 853,000, or not far short of one house out of every ten included in the census. On this showing, not 200,000, but at least half a million additional houses would be required in the overcrowded areas. But even on this showing there seems to be no reason why the problem of overcrowding should not be solved. There is no inherent reason why half a million houses should not be built during the next few years, even over and above those urgently required for the replacement of obsolete dwellings or for any other purpose incidental to maintaining or improving housing standards. The problem, even if we take this ampler view of what is necessary, still looks perfectly soluble as long as it is viewed in purely quantitative terms.

The difficulty, of course, is that it cannot realistically be regarded in this way. No one in Great Britain is proposing at present to ration housing accommodation in accordance with the number of persons for whom each household has to find room. If that were proposed there would, on the basis of existing standards, be no overcrowding problem at all. There is more than enough accommodation to go round, on the understanding that no one is to have more than the minimum space officially thought necessary. But this country is not Russia; and there is no proposal that the Government should requisition the larger houses and plant out the overcrowded families in them, or even that houses built with the aid of public money should be apportioned in strict accordance with the number of persons who are to inhabit them. The remedy for overcrowding has to be sought, not merely in building enough houses and building them in the right places, but also in securing that the families which are at present living in overcrowded conditions shall be able to take possession of the new dwellings.

No doubt, one way of achieving this would be to prohibit overcrowding as a public nuisance and simply to evict all households guilty of this crime. But everyone knows that in practice the problem cannot be dealt with in this way. The main reason why families live in overcrowded conditions is that they simply cannot afford to live any better, either because they are unable to pay higher rents, or because they cannot face the additional costs of living farther from their work, or from the places where work is to be sought. It has been demonstrated already—in Stockton for example—that the consequences of moving low-paid working-class families into better houses may be to reduce their food budgets well below what is indispensable for a healthy life, so that most of them will drift back to overcrowded slums if they get half a chance.

If we are to remedy overcrowding we must not merely build more houses but also ensure that the families which are now living under overcrowded conditions shall be able

to afford the improved accommodation without substituting one form of privation for another. That, however, cannot possibly be done except by raising the real incomes of the overcrowded families. For even if we were to equip these families with better houses at the same rents as they are paying to-day, the difficulty would remain that living in improved houses and in a better neighbourhood usually carries with it an addition to the other costs of living. For one thing, re-housing generally takes place farther away from the centre of the town, and the additional travelling expenses involved may be a factor of very great importance, especially in the larger urban areas. Terence Young, in his survey of social conditions in Becontree and Dagenham, reports that a large number of the tenants who moved into these suburbs from very poor urban areas arrived without any real knowledge of the costs of living under the new conditions, and found themselves compelled either to go short of food or other necessities of life, or to move back eventually into the areas from which they had come.

Overcrowding in Different Areas. The most valuable part of the Overcrowding Survey is the light which it throws on housing conditions in different parts of the country. Overcrowding is, indeed, only one particular aspect of bad housing; for a house may be thoroughly insanitary or out of repair, or jammed up against a mass of other houses, without in any way violating the standards of overcrowding with which alone the Survey deals. Nevertheless, the herding together of human beings in dwellings which allow too little space for healthy living, quite apart from any other defects from which they may suffer, is one very serious aspect of the housing problem; and it is very well worth while to have this problem surveyed on a separate geographical basis.

The accompanying table, though it selects only a very small number of areas, is highly illuminating. The six most overcrowded County Boroughs outside London—

TABLE XXVI

OVERCROWDING SURVEY OF ENGLAND AND WALES, 1936

Areas with Highest and Lowest Percentages of Overcrowded Families

Percentage Overcrowded			Percentage Overcrowded		
(a) LONDON—					
Shoreditch	..	17.2	Woolwich	..	1.7
Stepney	..	15.4	Wandsworth	..	2.2
Finsbury	..	15.2	Hampstead	..	2.5
Bethnal Green	..	14.9	Lewisham	..	3.0
(b) COUNTY BOROUGH—					
Sunderland	..	20.6	Bournemouth	..	0.3
Gateshead	..	15.2	Northampton	..	0.8
South Shields	..	13.1	Grimsby	..	0.9
Tynemouth	..	13.0	Croydon	..	0.9
West Hartlepool	..	10.9	Oxford	..	1.0
Newcastle-on-Tyne	10.7		Doncaster	..	1.0
(c) COUNTY AREAS, INCLUDING COUNTY BOROUGH—					
Durham	..	12.0	I.O.W.	..	0.7
Northumberland	..	11.2	West Sussex	..	1.0
Anglesey	..	9.5	Cambridgeshire	..	1.1
London	..	7.0	Surrey	..	1.2
Caernarvon	..	6.2	Soke of Peterborough	..	1.3
Denbigh	..	5.9	Kent	..	1.3
(d) OTHER IMPORTANT COUNTY BOROUGH—			(e) OTHER DENSELY OVERCROWDED URBAN AREAS—		
West Ham	..	8.4	Hebburn U.D.	..	25.2
Liverpool	..	7.4	Prudhoe U.D.	..	19.6
Stoke-on-Trent	..	5.7	Morpeth B.	..	18.7
Birmingham	..	3.7	Berwick-on-Tweed	..	18.3
Sheffield	..	3.7	Jarrow B.	..	17.5
Leeds	..	3.3	Felling U.D.	..	15.8
Hull	..	3.0	Wallsend B.	..	13.1
Bradford	..	2.4			
Bristol	..	2.1			
Manchester	..	2.1			
Portsmouth	..	1.8			
Leicester	..	1.6			
Nottingham	..	1.5			

that is, the County Boroughs with the highest percentages of overcrowded families—are all in the counties of Durham and Northumberland. So are the six most overcrowded urban areas below the status of County Boroughs; and Durham and Northumberland are easily the two most overcrowded counties in England and Wales. Next to the North-East Coast the worst large area in the country is East London, despite the centrifugal movement into the suburbs which has been reducing the population of the L.C.C. area—for this movement scarcely affects the slum-dwellers or the poorest section of the community, who continue to huddle together while their “betters” (that is, families with larger or more assured incomes) move out of the central districts into healthier and more pleasant suburban areas. Next to East London comes North Wales, despite the sparseness of its population—a reflection, this, of the generally low standard of living in a traditionally poor and unprosperous area.

The contrast between these areas and the least overcrowded districts is very striking. Of all the families covered by the Sunderland Survey, more than one-fifth live in overcrowded conditions. In Bournemouth, on the other hand, the proportion of overcrowded houses is 0·3 per cent, and even in such industrial districts as Northampton and Grimsby under 1 per cent. These industrial areas, however, are exceptional. In general, the areas which have the smallest proportion of overcrowded families are such towns as Bournemouth, Croydon and Oxford, with a large population of well-to-do middle-class families. There is, however, a very wide range of difference, even among the great cities. Liverpool has 7·4 per cent of families overcrowded; Manchester and Bristol have only just over 2 per cent. Even Leeds, which has been notorious for some of the worst housing conditions in the country, has only 3·3 per cent. But the trouble in Leeds is not so much overcrowding as the existence of a great many back-to-back and other insanitary dwellings, which the City Council, especially under its Labour majority, has been

making great efforts to clear away. Among the counties, the least overcrowded are either those which have a high percentage of gentlefolks' houses, large and small—such as Sussex, Surrey, Kent, and the Isle of Wight—or relatively prosperous agricultural areas with a low density of population, such as Cambridgeshire. Especially in the agricultural counties, it by no means follows from the absence of serious overcrowding that housing conditions are good; for here again it is necessary to bear in mind that houses can be insanitary without being full of people.

As for London, within which the unit of reckoning is the area of the separate Metropolitan Borough, it is natural to find that overcrowding is worst in the central boroughs of the East End—Shoreditch, Stepney, Finsbury, and Bethnal Green—with Bermondsey, Poplar, Holborn, and Marylebone not far behind. It is more surprising, at first sight, to find Kensington among the worst overcrowded areas, until it is remembered that the prosperity of South Kensington fails to offset the squalor of a large part of the Northern area included in the "Royal Borough." On the other hand, the least overcrowded areas are mainly those nearer the edge of London with an abundance of unbuilt or recently developed land. This explains the relatively uncrowded condition of Woolwich, Wandsworth and Lewisham. Hampstead makes a good showing in the list, as one would expect of so prosperous a middle-class area; and the City and to a less extent Westminster have also a low percentage of overcrowded families, largely owing to the prevalence of non-residential or only partly residential buildings. Greater London shows no high percentage of overcrowded families except in West Ham, which directly adjoins the crowded East London area.

If we take a map of the country as a whole, the patches of densest overcrowding are the North-East, London and North-West Wales. These regions have over 6 per cent of families overcrowded. Denbighshire and Shropshire, continuing the North-West Wales belt, have over 5 per cent. South Wales, despite its fall in population, Lancashire,

Staffordshire, the North Riding of Yorkshire, Cumberland and parts of Central Wales have over 4 per cent. The West Riding, Warwickshire, Worcestershire, Cheshire, Monmouthshire, Merionethshire have over 3 per cent. So far, it will be noted, not a single area in the Southern or Eastern counties area has appeared in the list. Westmorland, the East Riding, Derbyshire, Nottinghamshire, two parts of Lincolnshire, Norfolk, West Suffolk, Essex, Middlesex, Gloucestershire, Herefordshire and Radnorshire come in the next group, with from 2 per cent to 3 per cent. The rest of the country, including every single county lying south of a line drawn from London to Bristol, has less than 2 per cent of overcrowded families.

The principal centres of overcrowding then are : (1) East London ; (2) the older coalfield areas—the North-East and to a smaller extent South Wales, despite loss of population ; (3) rural Wales and Shropshire and the “ rural belt ” including Cumberland and the North Riding ; (4) in a lesser degree Lancashire and Staffordshire. This broad generalisation does not, of course, exclude the existence of very serious overcrowding in a number of areas falling into the uncrowded groups ; but it does indicate where, in general, the problem is at its worst.

Clearly, in all these overcrowded areas, poverty furnishes the main explanation, even though in Northumberland and Durham, at any rate, the poverty is collective as well as individual, and the impoverishment of the local authorities and the decay of the local industries has been responsible for a far slower rate of building than has existed in and around London in recent years. Greater London, taken as a whole, has probably plenty of accommodation to house all its people at a standard well above that of the official census ; but that fact is of no advantage to the dwellers in the densely overcrowded areas such as Stepney and Shoreditch.

One important fact revealed by the census is that overcrowding is actually worse in municipally-owned houses than in dwellings which are privately owned. This is due

partly to the fact that the majority of the privately-owned houses have been built in recent years for tenants with a fairly high level of income; but it is also partly accounted for by the deliberate policy of the public authorities in giving preference to large families urgently needing accommodation. Moreover, the municipalities have built their houses largely with families of "standard size" in their minds; and when large families move into these standard dwellings, overcrowding necessarily occurs. Nor would overcrowding have been prevented even if the local authorities had built a larger proportion of bigger houses; for they would presumably have charged higher rents for them, and in consequence most of the overcrowded families could not possibly have afforded to live in them.

§ 4. DIFFERENTIAL RENTS

A HOUSE IS, IN FACT, a commodity just like any other: if you want a better one, you have to pay more for it. The State has, indeed, undertaken to subsidise house-building, but even so the subsidy carries with it only a small reduction in the economic rent, so that the large house continues to cost more than the smaller. Moreover, large families are very apt to have less money to spare for rent after other indispensable charges have been met. A large working-class family is more likely to have to squeeze itself into a smaller space; and no amount of provision of State subsidies on the existing basis will avail to prevent this.

In these conditions, there appears to be a strong case for adopting a quite different system of fixing rents, however much of a departure from the orthodox working of the laws of supply and demand may be involved. A great deal has been said and written about the system of differential rents, which has already appeared in various forms in a substantial number of areas, but is best known in

connection with Leeds, where it was instituted on a large scale some years ago, when Labour secured a majority on the City Council. It is true that, in the cases of households which are in receipt of Unemployment Assistance, or, of course, of Public Assistance, allowances are made to vary with the amount of rent paid. This, however, is of no help to the low-paid wage-earners who are in employment, nor does it make it possible for working-class earners to incur the liability of higher rents while they are in work, in the hope of being able to draw larger allowances when they lose their jobs. Moreover, there is no rent allowance for an unemployed worker until he has exhausted his claims under the Unemployment Insurance Scheme.

The Leeds Scheme. The system of differential rents, of which the Leeds scheme is the best-known example, is an attempt to meet this difficulty. Broadly, the Leeds scheme works in this way. All housing subsidies, national or local, under the various post-war housing schemes, are put into a common pool—except that, for certain technical reasons, the Addison scheme has a pool of its own. Full economic rents are then fixed for all the municipal houses, no account being taken of the different rates of subsidy in respect of houses built under the various Acts. Any municipal tenant—for, of course, the scheme can be applied only to municipally-owned houses—is expected to pay the full rent if he can afford it; but for those who cannot afford to pay the full rent there is a system of rebates, varying with the family earnings and with the number of persons who have to be supported out of them. In most of the areas which have instituted schemes of this sort, there is a minimum rent, below which no rebates are granted; but under the Leeds scheme the rent, with the exception of the charges for local rates and water rates, can be remitted altogether in cases of proved need. In 1934, soon after the scheme came into operation, 12 per cent of all the tenants were paying the full economic rent, 81 per cent were receiving partial relief, and 7 per cent were paying nothing except

the local rates. In comparison with the rents paid before the introduction of the scheme, 53 per cent were paying more, 30 per cent the same, and only 17 per cent less than before. The effect was thus very strongly re-distributive as between the better-off and the worse-off tenants.

Of course, any arrangement of this sort involves a "Means Test," whereas some other local authorities have adopted schemes under which rebates are granted in accordance with the number of children in the family, without any enquiry into incomes. This feature of inquisition into the incomes of the tenants has led in some quarters to strong criticism of the Leeds scheme, especially on account of the parallel with the unpopular "Means Test" under the Unemployment Assistance scheme. It would clearly be preferable to grant rent rebates on a non-inquisitorial basis; but this would involve a much higher cost if many of the poorer families were to benefit by them. Local authorities, accustomed to administering the Poor Laws—now renamed "Public Assistance"—under a "Means Test," and under the necessity of making their money go as far as possible, are almost unavoidably driven to use some sort of test in applying, under such conditions, any relief except on a tiny scale. If they did not, they would certainly find themselves speedily in trouble with the Ministry of Health. As it is, the Leeds scheme is broadly "self-financing"—that is to say, it makes the better-off tenants pay for the poorer, though it was contemplated from the outset that, if necessity arose, some subsidy would be provided out of the rates.

Apart from those who object to "inquisition" into incomes, there are other obvious arguments against the Leeds scheme. The usual defence of re-distributive taxation is that it takes from the rich in order to give to the poor; but none of the municipal tenants are rich. Rich people do not live in Council houses. The system is more nearly analogous to what happens under the Unemployment Insurance Acts, which compel those who are in secure employment to contribute to the help of those who are more

likely to lose their jobs. The Leeds scheme re-distributes incomes among the less well-to-do—not over the community as a whole.

The truth, of course, is that any system devised to enable poor people to live in houses which they cannot afford to inhabit on economic terms is doomed to be a makeshift. It may be better than nothing as things are, but it is bound to be unsatisfactory.

The Alternative. The alternative to rent rebates is to raise the incomes of overcrowded families to such an extent that they can afford improved accommodation. There is no need to deny that there do exist households, at present overcrowded, in which the family income is large enough to afford better dwellings. But the figures of overcrowding in different areas bring out very clearly the close connection which exists—except in the relatively unpopulous rural areas—between overcrowding and poverty. The effect of the Survey, therefore, is to reinforce the conclusion that the crux of the problem is not so much the building of additional houses as the provision of incomes which will enable the overcrowded families to live in better houses without sacrificing other expenditures which are fully as necessary for social well-being.

There is ample evidence of the fact that the rents of most of the new houses which have been built in recent years are well above the real ability to pay of the bulk of working-class families. Even under the Wheatley scheme, which was specially devised to provide houses to let at “working-class rents,” many local authorities charged rents which were too high, the *average* for the Wheatley houses being well over 15s. a week. Only in 1930, when costs of building had fallen substantially, were some of the more advanced authorities beginning to provide Wheatley houses at round about 10s. per week.

In 1928 the National Housing and Town Planning Council drew up a special report on the housing needs of the nation. In the words of this report, “while the artisan

can generally pay 11s. a week, the unskilled labourer with dependants cannot afford to pay more than about 7s. a week." It was therefore urged that, "while the housing problem can be alleviated by building houses to let at not more than 11s. a week, it could be solved only by building large numbers for letting at not more than 7s. per week."

This, with building costs as high as they then were, was much more than any Government was prepared to face. Arthur Greenwood tried to make a beginning, by moving numbers of the poorer families by means of slum clearance schemes and rehousing them, but the second Labour Government fell before there had been time for much to be actually done. The panic, and the "economy" campaign of 1931, reacted severely on housebuilding; and, even when activity was in some degree resumed, the aim of the National Government was to limit its financial commitments as much as it could. The outcome was a decision to concentrate as much as possible for the time being on the erection of municipal houses for letting at round about 10s. a week, but to do this for the most part, not by providing adequate subsidies, but by lowering the standards of accommodation and amenity. Thereafter, the fall in interest rates made the situation easier, by decreasing the sums which had to be recovered on capital account out of rents. But, ever since 1931, the policy of the State has been to concentrate on smaller and cheaper houses, in the hope that, by this means, new dwellings may be made available to working-class tenants without increasing their incomes or allowing any sort of rent rebates on account of poverty. This policy applies, of course, only to municipal housing. Private enterprise has continued for the most part to build houses which are too expensive for the ordinary run of working-class tenants to live in without sacrificing other essential needs.

§5. BUILDING COSTS, RATES AND RENTS

THE ALL-IN COST of building naturally differs very widely from one area to another, especially with variations in the cost of land and street works. Flats are, as a rule, more expensive to build than ordinary houses or cottages, though it has never been satisfactorily explained why this discrepancy, which does not appear to exist on the Continent, should be found in England. For single houses of non-parlour type, the average cost in 1936 could be put at approximately £350-£360. With interest rates at $3\frac{1}{4}$ per cent, an all-in cost of £360 meant, in the absence of a subsidy, an economic rent, including rates, of about 10s. 3d. per week. Of this, about 5s. 3d. represents loan charges, including sinking fund on a 60 years' basis. Rather more than 2s. a week represents repairs, management, and insurance, and rather under 3s. is allowed for rates. These figures include the cost of road and sewers and water supply, but not gas or electricity charges. They cannot, however, be regarded as applicable to highly-rated areas, in which some of the worst housing conditions exist.

It is possible to-day, under average conditions, to build a standard house of non-parlour type for letting without subsidy at a little over 10s. a week. But of course most of the existing houses built for letting by local authorities were erected at substantially higher costs than prevail at present. There are no comprehensive figures showing the actual rents charged all over the country for houses of various types. For non-parlour houses, built under the very highly subsidised Addison scheme, for which alone full particulars exist, the average rents charged in 1934 were just under 12s. a week in London and rather over 7s. 6d. elsewhere; and for parlour-houses the corresponding figures were rather under 13s. 6d. and 9s. 6d. In London in 1935 the rents charged for houses on L.C.C. estates ranged from about 7s. 6d. to about 15s. for two-roomed

dwelling, and from 15*s.* to 28*s.* for dwellings of five rooms. On the Becontree estate, out of 25,000 dwellings only a few hundreds were let at less than 10*s.* a week, the predominant range being from 10*s.* to 16*s.* 6*d.* for 3-roomed flats or cottages, and from about 12*s.* to about 20*s.* for 4-roomed non-parlour houses. The L.C.C. has so far followed the policy of basing its rents not on costs, but on the rents charged for comparable accommodation in houses subject to the Rent Restriction Acts, with a supplementary charge for the superior amenity provided by the new dwellings.

These London rents are naturally higher than those which prevail in the provincial areas. In Leeds, for example, before the introduction of differential rents, non-parlour Wheatley houses with two bedrooms were rented at about 10*s.* 6*d.*, and those with three bedrooms at 12*s.* 3*d.*, and houses of parlour type at from 17*s.* to 18*s.* 6*d.* There were also a limited number of two-bedroomed flats at 7*s.* 3*d.* All these figures include local rates, which, with water-rates, accounted for more than one-third of the total rent in most cases.

Rates. This brings into prominence the important part which local rates play in determining the relative levels of working-class rents. Rates vary from place to place, from under 7*s.* 6*d.* to over 20*s.* in the pound, being highest in such distressed areas as Merthyr and the Rhondda, which had rates of 27*s.* 6*d.* and 22*s.* 9*d.* respectively in 1933-34. Now, on a house valued at £13 a year, or 5*s.* a week, a local rate of 7*s.* 6*d.* in the pound means a weekly charge of under 2*s.*, whereas a local rate of 15*s.* to 16*s.* means 4*s.* on the rent. In these circumstances, no reductions in rates of interest or in building costs can bring new houses of the standard non-parlour type within the means of the poorer wage-earners in the more highly-rated areas, if they are to be let at economic rents, even subject to the subsidies provided in the various Housing Acts. The poor have to live in second-hand houses, and their

only hope of getting better accommodation lies in what is known as "filtering up"—that is, moving into a rather better house vacated by tenants of rather superior means. But this process is very slow, and even slower under rent restriction than it would have been if all rents had been uncontrolled.

Rent Costs for the Very Poor. Some idea of the rents which the worst-paid wage-earners do contrive to pay can be got from the results of a sample investigation undertaken by John Inman in the Miles Platting Ward of Manchester in 1933.¹ The predominant levels of rent in this area were from 7s. to 9s. a week, including rates, mainly for houses with two bedrooms, the majority of non-parlour type. Only about one in eight of the houses included in the Survey had more than two bedrooms, and more than a quarter of the total were in an overcrowded condition. Dr. M'Gonigle's investigation in Stockton-on-Tees showed much lower average rents in poor parts of the town—4s. 8d. in "Housewife Lane" slum clearance area and about the same in the neighbouring "Riverside" area. When the population of the "Housewife Lane" area was transferred to a new housing estate, the average rent per family rose at once to 9s., with consequences on diet and health described elsewhere in this book. This bears out the contention that the problem of better housing is fundamentally one of income. Even if a million houses are built in the next few years, that will not prevent overcrowding unless the poorer families are able to support a higher standard of life. Moreover, even if the poor were forcibly prevented from huddling too closely together, without their incomes being raised, the consequence would be mainly to aggravate the evils of malnutrition—to shift the incidence of poverty from housing to the food budget, and thereby probably to make matters even worse than before.

¹ See also p. 211 for the average rents actually paid by families in receipt of Unemployment Assistance.

§ 6. SLUM CLEARANCE AND THE PROVISION OF NEW HOUSES

OVERCROWDING is, however, by no means the only serious feature of the present housing situation. In 1933 the Medical Officers of Health in England and Wales reported upon over half a million houses which had been rendered "fit for habitation" under orders or suggestions made by them. This figure is by no means unusual; it is below the average for recent years. But in spite of the process of patching up unfit houses, there remain many dwellings that fall, from the standpoint of healthiness alone, below any decent standard of habitability. For example, it was reported in 1933 that Leeds contained nearly 35,000 houses built before 1844, and another 19,000 built before 1872. These aged houses included 33,500 back-to-back dwellings; and there were another 28,000 back-to-back houses built at later dates. Of the older houses of this insanitary type, over 32,000 were built at a density of between 70 and 80 to the acre, and were virtually "one-bedroomed houses," possessing at most a second bedroom so tiny as not to count for the purposes of the Overcrowding Survey. These houses had—and have, for most of them still exist—no sculleries or storage accommodation or hot-water supply, and no water-closets of their own. It goes without saying that they are entirely innocent of baths. Similarly, in John Inman's Manchester sample survey, only 7 out of 173 houses inspected possessed baths.

The Slum Clearance Schemes. In all large towns and most small ones and in many rural areas there exist a large number of houses which, at any rate, without thorough re-conditioning, are by any reasonable standard unfit for human habitation. By far the greater number are either incapable of being made into decent homes, or not worth the cost of re-conditioning. A small proportion are ancient houses of architectural interest or historic beauty, which should

be saved from demolition even at a considerably higher cost than the building of new dwellings would involve; but most of the unsatisfactory urban houses were built during the worst periods of nineteenth-century jerry-building, and most of the rural cottages are no better worth saving. It is, however, a sheer impossibility, as matters stand, to demolish most of these insanitary dwellings, for there is nowhere for their present inhabitants to go. Under the slum clearance schemes now in progress it is planned to clear the present slums in England and Wales over a five-year period. These areas include over 280,000 dwellings which it is proposed to replace by nearly 300,000 new ones. But up to February 1936 the slum clearance scheme, first launched in 1930, had provided under 77,000 new houses; and even the completion of the full programme would still leave the greater part of the problem untouched. Sir Ernest Simon pointed out in 1933 that the Medical Officer of Health for Manchester had estimated that 30,000 houses in his area alone were unfit for habitation, and that on this basis the number of unfit houses in England and Wales as a whole would be about a million. He added, however, that there were in Manchester at least 80,000 houses of a type very similar to those condemned, and that by any reasonable standard all these houses ought to be pulled down. On the basis of these figures there would be needed between $2\frac{1}{2}$ and 3 million new houses for purposes of re-housing alone. The problem of the "unfit" house is in reality much bigger than the problem of overcrowding according to either of the definitions to be found in the Overcrowding Census of 1936.

The Number of Houses Required. Many divergent estimates have been made concerning the number of houses which ought to be built year by year in order to provide both for the increase in the number of families and the transference of population to developing areas and also for the improvement of standards of accommodation and amenity. In most cases these estimates have put the

need at somewhere between 200,000 and 300,000 houses a year, though the *Economist* published in 1934 an estimate as high as 325,000—more than the total number of houses built in the year 1934–35. Such figures have, however, by themselves, very little meaning. They are based, as a rule, more on what their authors believe to be practicable than on any absolute conception of what is required.

Actually, the largest number of houses of small or middle size built in any year since the war is about 350,000 in 1934–35. The next largest totals are nearly 300,000 in 1933–34 and 260,000 in 1927–28, when the Wheatley programme reached its peak. But the figures of 1933–35 can by no means be compared with the estimates of what is needed, and taken as indicating satisfactory progress. In the first place, they are not divided as between larger and smaller houses, or between cheap and expensive houses, in the proportions required to meet the estimated housing needs; and, secondly, they are not, for the most part, available to those whose needs are most pressing.

It is, however, clear that, in a purely technical sense, there is nothing to stop the building industry, even if industrial building undergoes a considerable expansion, from increasing its output well beyond the 350,000 houses built during 1934–35. At the height of the building activity of 1935, over 14 per cent of the insured workers in the building trades were out of work; and in July 1936, after a further expansion of industrial building, there were still 12 per cent out of work. It is true that these unemployed workers have been by no means evenly distributed among the various building crafts, and that unemployment has been far more severe among labourers than among skilled craftsmen. Nevertheless, on one important condition, it would be possible rapidly to supplement the ranks of the craftsmen as well as to make an economical use of their labour, so as to make practicable a larger output of buildings of satisfactory standard.

Dilution of Building Labour? This condition is that there shall be an assurance of continuity of policy. In 1924 the Trade Unions of building workers were induced to enter into a treaty with John Wheatley, the Labour Minister of Health, for augmenting the supply of skilled labour, on the understanding that it was the Government's definite intention to pursue a continuous policy over a period of years of building as many new houses as the available supply of labour could provide. This undertaking was speedily broken; for after the fall of the Labour Government the number of houses built fell abruptly from over 260,000 in 1927-28 to 188,000 in the following year, with the consequence that unemployment in the building industry underwent a rapid increase. This reversal of policy undermined the confidence of the building workers in the reliability of Government promises, and they were made again, as they had been made earlier by the abandonment of the Addison scheme, highly suspicious of plans for the augmentation of the supply of labour which threatened, after a few years, to leave a large body of skilled craftsmen out of regular employment. If, however, a really firm guarantee of continuous activity for a number of years ahead could be given, there would be no difficulty in raising the capacity of the building industry to at least half a million houses a year, exclusive of industrial and other non-residential building.

The real problem is not shortage of labour but want of will, and lack on the part of those who need the better houses of the means of paying for them.

§7. TOWN AND REGION PLANNING

SO FAR we have been dealing with the problem of housing the people as if it were merely a matter of building more and better individual dwellings. It is, however, in fact very much more than that. Good housing is a matter of

town planning and collective amenities as well as of individual houses—a matter of well-planned, well laid-out estates with proper facilities for social activities of many kinds, with plenty of open spaces, playing fields and recreation grounds, and last but not least with good and cheap transport from outlying areas to the neighbouring larger urban centre. As towns grow bigger it becomes more and more important that their growth shall be carefully planned, in order both to preserve the amenities of the neighbourhood and avoid such monstrosities as “ribbon development” and to provide for the growing hordes of “suburbanites” the essentials of a rounded social life. The building of a planless jumble of houses, even if they are individually adequate and not built too close together, is a very different thing from making a town. It destroys instead of stimulating civic consciousness; and it lays up abundant troubles for the future, when the town eventually has to be planned and can be planned only by the redevelopment of extensive built-up areas.

Town Planning Legislation. In theory, this is now generally recognised, but it is still far from being acted upon. In 1935 Parliament passed an Act for the Restriction of Ribbon Development; but nothing much has happened, or is likely to happen, under this Act, which is a purely permissive measure. Each local authority can take it or leave it; and most of them are likely to leave it, because its financial provisions are such as to make it extremely expensive to use. There is far more hope of progress under the Town and Country Planning Act of 1932, originally formulated under the second Labour Government, though it passed into law after its fall from office. This Act does not, as had been hoped at the time of its introduction, give the local authorities adequate powers to draw up town and regional plans for the entire country; but it does go a long way beyond previous measures in making possible both the planning of rural areas and the replanning of built-up areas within existing towns. It confers on the local authorities

greatly extended powers of dealing with urban development, and it also puts into their hands fairly effective means of action for the preservation of rural beauties and amenities. A great deal depends, however, both on the use which the various local authorities are prepared to make of their new powers and on the attitude adopted by the Minister of Health, whose sanction is usually necessary for any action which it is proposed to take.

The Growth of Town Planning. In March 1935 some beginning towards town and regional planning had been made over about two-thirds of the total area of England and Wales, either by individual local authorities, or under the auspices of Joint Town or Regional Planning Committees representing a number of neighbouring authorities. Nearly 1,000 local authorities were parties to these plans, and there were 1,900 separate areas for which plans either had been adopted or were in preparation. These schemes, however, differed very greatly from case to case. Some were comprehensive plans, covering the whole of a developing urban area, or an existing built-up town; while others applied only to small districts, in which there seemed to be an immediate danger of unsuitable or unsightly growth. The most important advance during the past two years has been in the number of county authorities which have set about the preparation of regional plans for the entire county area, usually in conjunction with the borough and district authorities lying within the geographical county. In Greater London, for which a Regional Planning Committee was established as long ago as 1927, a real advance has been made towards the preservation of a "green belt" around the metropolis, to be secured for ever against building; and the London County Council has led the way by allocating £2,000,000 for expenditure on this scheme.

Difficulties in the Way. There are still, however, very big difficulties in the way of effective town and

regional planning. These arise partly from the necessity for securing the collaboration of a great number of independent local authorities and partly from the magnitude of the costs involved in compensating property-owners for any loss of value in which a planning scheme may involve them; for these costs are still by no means adequately offset by the provision for levying "betterment rates" where privately-owned property is improved as a result of planning. Nevertheless, some real progress has been made towards getting the idea of town and country planning into the minds of the local authorities and of the public, and thus preparing the way for the adoption of more effective and comprehensive schemes later on.

The Unplanned Town. Much less has been done, save in a few areas, towards the planning of suburban development in terms of real civic and social living. In unplanned conditions, houses simply accrete round the edges of towns; and the builder regards his task as finished when he has run up so many brick boxes in which families can live—though he is, of course, quite prepared to build some business premises as well as dwelling houses. The builder or housing company is now indeed restricted within certain limits, both as to the density of houses on the ground, and as to the types and designs of houses which he is allowed to erect. But there is nothing at all, except the hope of profit, to make him look beyond the buildings themselves. He can, especially if he is building on a large scale, reserve sites where he can put up a few shops or a cinema or two, and a few other non-residential buildings for the use of the inhabitants. But he will not regard it as at all his affair to ensure that there are provided any types of building which cannot be let or sold at a profit, however important these other buildings may be from the standpoint of the common life of the community.

The consequence is that, when big towns are allowed to grow in a planless fashion, their suburbs are apt to become

mere wastes of new streets, joined up with the older parts of the town, but devoid of any organic unity of their own. There are quite seldom any buildings in them, except churches and chapels and perhaps elementary schools, which are not built directly with a view to profit. Shops of a sort, garages, a cinema or two and public houses can be relied on to spring up readily enough in response to the profit motive; and in the course of time, in the larger centres, the local authorities may provide a branch library as well as a school. There will be in most cases no building at all capable of serving as a civic centre for the general needs of the inhabitants—no place where meetings, large and small, can be conveniently held, and where the people can get to know one another, and get used to discussing their common affairs. There will be, as a rule, almost no provision of playing fields for organised games—for by the time the local authority is driven to take action, the land that ought to have been reserved for this purpose will have been built over by private builders. Often there is in the new area some big house with extensive grounds which could be taken over by the local authority; but even where the opportunity exists of doing this, it is often missed. Consequently the inhabitants of the new area, instead of creating for themselves a community life based upon the new suburb, are usually compelled to flock into the centre of the neighbouring town for most of their amusements and forms of social intercourse; and they have often to travel long distances—when they can afford it—in search of a game of football or tennis, or even of a pleasant open space where children can find room to play.

It is not, of course, suggested that suburbs of growing towns ought to be treated as independent centres of population, isolated from the neighbouring town. However well a suburb may be equipped, its inhabitants will want to visit the urban centre in order to shop, or see a good play or film, or listen to a concert or a well-known speaker, or for many other purposes. But

this is very different from being forced to seek all their amusements and collective activities at a long distance from their place of residence. The suburb ought to be a secondary centre of social and civic activity, and to develop a community feeling of its own.

It is, of course, far easier for a new suburb to be endowed with this equipment in the art of living when it is founded by public and not by private enterprise. But many local authorities, even in the largest cities, have devoted all too little attention to this aspect of town-planning. Even where they have built good houses, and laid out their estates well, there has often been an almost complete lack of communal buildings, except elementary schools, though attempts are sometimes made, often in vain, to adapt a school for use as a sort of civic centre when the children and teachers have gone home. Open spaces are more often provided than civic buildings; but proper playing fields are still far too few, especially in the poorer districts. These amenities cost money; and the State, in subsidising the provision of houses, has not seen fit to subsidise the provision of social amenities, which are really no less indispensable than pure water or main drainage.

It is easy to see that the re-conquest of the greater part of housing activity by the private builders, especially as it spreads down to the smallest houses, involves an increased likelihood that towns will grow without plan, and without proper equipment of the amenities of living. The local authorities, whatever their defects, have, at any rate, a higher average standard of conscience in this respect than the speculative builders and development companies. Powers of town and country planning can be used to check the abuses of ramshackle or haphazard building for profit; but they do not avail for prescribing positively what needs to be done.

§ 8. GARDEN CITIES AND GARDEN SUBURBS

THERE IS, INDEED, a third type of enterprise, intermediate between the local authority itself and the private builder, which, if it were given due encouragement, could give real help to the improvement of town and country planning. This is the Public Utility Society for housing or town-making, which sets out to earn only a limited dividend on its capital, and sets before itself the deliberate purpose of creating a civic community—either a totally new town, such as Welwyn Garden City or Letchworth, or a complete new suburb or satellite area, such as the Hampstead Garden Suburb. This idea of the Garden City or Garden Suburb—they are, of course, two very different things—has been advocated now for a very long time. Letchworth was founded as long ago as 1903; but after 40 years of propaganda, Letchworth and Welwyn remain alone in the category of Garden Cities, and the number of Garden Suburbs erected under public utility auspices remains very small. The reason is not far to seek. The enterprise of building a new town or suburb, not solely with a view to profit, but with the aim of creating a new community, has no attractions for the ordinary capitalist, who sees far better prospects of gain in simply running up houses or shops and then leaving it to public authorities to botch his creations into something better if they are prepared to meet the cost. In this way, the builder thrusts off the expenses of civic development on to the public purse; whereas the promoters of Garden Cities and Garden Suburbs have to meet these costs themselves. In these circumstances it has proved impossible for Public Utility Companies to build centres for the poorer classes, or even many for the middle classes. Nor could it become possible, unless the State were prepared not only to provide societies formed with this object with cheap capital, but to subsidise them as well. The nearest approach to the building of

Garden Suburbs for the working class has been made where a philanthropic employer, such as George Cadbury, has been prepared to meet a substantial part of the cost out of his private resources. Few employers have been ready to do this—at all events without exacting in return conditions which have destroyed the value of the gift. For even the best equipped Garden Suburb may not be at all a nice place to live in, if over it broods the shadow of the taskmaster—as, for instance, the late Lord Leverhulme's shadow brooded over Port Sunlight.

The Wythenshawe Estate. Some local authorities have, indeed, done their best to reproduce in some degree in a few of their housing schemes the spirit of Ebenezer Howard and Henrietta Barnett, the first advocates of the Garden City and the Garden Suburb. The best known attempt of this sort is the Wythenshawe estate, developed by the Manchester City Council. At Wythenshawe, Manchester is building a satellite garden town, something betwixt a suburb and an independent city, designed to house, at full growth, about 100,000 persons, and to include factories as well as private and public buildings of other kinds. Some of the inhabitants are intended to work, as well as to live, at Wythenshawe; but the rest will go into Manchester or some neighbouring industrial or commercial centre for their work. The City Council, after meeting with numerous difficulties with the Ministry of Health and with a section of the Manchester ratepayers, managed to acquire most of the land which it needed, though by no means as much as it had originally planned to buy. It then set to work to prepare a comprehensive plan for the area as a whole. This included the permanent reservation of an agricultural belt of 1,000 acres, out of a total of 5,500, and of another 1,000 acres for open spaces. After further land had been set aside for "parkways"—that is, for wide through roads with trees and flowers on both sides, and also for a golf course, for shops, and for civic buildings of various sorts, there remained about

3,000 acres for house-building. The erection of houses is being undertaken, partly by the City Council itself, and partly by private persons, to whom sites are let, subject to the approval by the Council of their building plans.

This is obviously the sort of scheme that should be undertaken all over the country, if the preservation of rural amenities is to be reconciled with the spreading of great towns over the neighbouring areas. But, no less clearly, on the score of cost, Wythenshawe, and other places like it, will play no part either in re-housing the slum-dwellers, or in providing for the needs of the poorer wage-earners. Their amenities will, in fact, be reserved for families considerably higher up in the social scale; and once again the "bottom dog" will have to content himself with the hope that some advantage may come to him in the end through "filtering up" into the houses vacated by persons of superior means. The higher a local authority pitches its standard of amenity, the less, under existing conditions, is it able to do for the poor.

Yet there is no final reason why this should be the case. There is at any rate no reason of a technical sort. All round our great cities there are areas which could be developed on the lines of Wythenshawe Garden Town; nor is there any lack of labour or materials for the work. But even if the local authorities were prepared to build Wythenshawes enough for the entire population to live in them, that would not help the poor. They could hardly afford to live in such areas, even if they were allowed to live rent free. For, quite apart from the rent, it costs a great deal more to live under good than under bad housing conditions. An inhabitant of Wythenshawe will have more things to keep clean and tidy, and will have to live up to a higher standard of cleanliness and culture. He and his will need better furniture; and there will be social activities in which he will have to play his part, if he is to take his place in the social life of the community. He and his family will want more clothes, and more money to spend on travelling to and from the city. Before long, he will find that he simply

cannot afford to live in Wythenshawe, unless his income is increased. If he tries to live there, he will begin by using up his savings, or stinting his family of food ; or he will run into debt. In the end he will have to give up the struggle, and move back somewhere into the huddle of houses where standards are lower and people readier to give one another, out of their poverty, a helping hand in bad times ; and very likely he will be happier in a mean street, where he can "manage somehow," than he was when he was trying to live up to that "minimum standard of human needs" which, despite the fecundity of production in modern times, seems to be always just round the next corner for the majority of the British people.

CHAPTER IV : THE UNEMPLOYED

1. The Old Pauperism and the New
2. A History of Unemployment Insurance
3. Works, Transference, and Relief
4. The Means Test and the New Scheme
5. Who are the Unemployed ?
6. Employment in the Future

§ 1. THE OLD PAUPERISM AND THE NEW

UP TO 1914, social investigators, searching out the facts of poverty, used to concern themselves chiefly with the fortunes of the "bottom dog" as he was to be found in the slums and in the traditional haunts of misery in town and village. The "submerged tenth," of whom so much was written in those far-off pre-war days, were regarded as a class apart, a social residuum almost as much below the level of the "industrious workmen" as these workmen were below the less favoured sections of the middle class. They were the poor, who were with us always in their narrow streets and fetid alleys, much as Dickens described them long ago. The social worker studied them as a curious and unpleasing product of industrial civilisation; and high-minded young men from the universities and district-visiting ladies went from time to time to lick their sores, and bring back strange reports as from a far country with habits very different from those of their own people.

These ancient haunts of pauperism we have with us still; but the strongest social fact of the post-war period is that destitution has stalked out from its lurking places in the slums and spread its contagion over the homes of respectable people—even over whole towns and once-flourishing

Millions

41 —

40 —

39 —

38 —

37 —

36 —

1935

1940

1945

1950

1955

1960

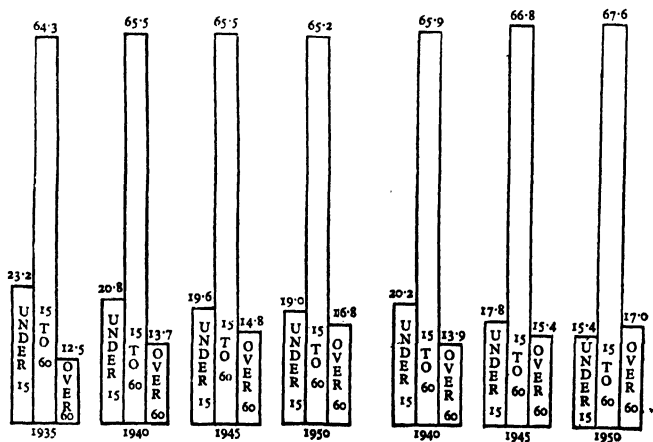
1965

ESTIMATES OF THE FUTURE POPULATION OF ENGLAND AND WALES ON TWO DIFFERENT ASSUMPTIONS, TOGETHER WITH ESTIMATES OF ITS FUTURE AGE DISTRIBUTION ON THE SAME ASSUMPTIONS.

A. The First Estimate assumes that fertility and mortality remain as in 1933.

B. The Second Estimate assumes a continuance of present trends in these rates.

The figures of age distribution are in percentages of total estimated population. They are designed to show the probable relative stability in the proportion of employable to total population for some time ahead.



FIRST ESTIMATE

SECOND ESTIMATE

villages in the depressed areas. Those whom society must by one means or another maintain and relieve, if they are to be kept from sheer starvation, are no longer for the most part a distinct class below the regular workers, but include a substantial proportion of the regular, respectable working men and women—even many of those who have been brought up to a skilled trade, in the expectation of being able to earn by it at least a tolerable living wage. The “unemployables,” the “casuals,” the “incorrigible” slum-dwellers, the bodily or mentally disabled wrecks, are with us still; but side by side with them there queues up for the “dole,” in one or another of its forms, the skilled hewer, or cotton-spinner, or shipwright, or potter—not merely as suffering from a short spell of unemployment between jobs, but, all too often, week after week and year after year, until hope dies out altogether from his mind and spirit.

The poor of these days are, then, collectively not the same people as the old poor of twenty or thirty years ago. Even then, there were of course regular workers, including skilled craftsmen, who fell by their own fault or without it into lasting adversity—perhaps as the result of a crippling accident or disease, or perhaps through drink or sheer feebleness of will. But they were relatively few. They were the exceptions, and not the rule, of pre-war poverty. Only in exceptionally casual types of employment, such as work at the docks, was it difficult to draw a rough line between the “down-and-outs” and the regular workers. The problem of destitution among the able-bodied was for the most part a problem of dealing with certain special classes of persons, not with a representative sample of the working-class as a whole. That was why it was possible to maintain the illusion that some sort of stigma attached to the receipt of relief from public funds. The receipt of relief was under the old conditions a confession of personal failure, even though in many cases the failure was not the victim’s fault.

There had grown up, wellnigh inevitably, in these

circumstances, a tradition among middle-class administration and social workers of treating the applicants for relief as an inferior order of beings, with little save the bare fact of humanity in common with the social superiors who sat in judgment upon their wretched needs. Even if pity often touched those who administered relief, it was a contemptuous pity, almost devoid of any sense of human brotherhood. The "paupers" had to be relieved, partly because sheer starvation was not allowed, when it was plainly obtruded on the social consciousness, but also partly because the very poor were a "social nuisance," breeding filth and infection which threatened to contaminate the classes above them. The well-to-do people of the Industrial Revolution, despite its religious revivals, Methodist and Evangelical, had tolerated these nuisances all too easily, at any rate until the cholera came to shake some of them out of their complacency, and to persuade a few of them that men's bodies needed saving almost as much as their souls. The Great Britain of the decades before 1914 had grown less tolerant of sordid misery, largely because it knew more, not so much of the facts of poverty, as of the requisites of public health for rich and poor alike.

But, though something was done to relieve sheer destitution, both by legislation and by the spread of voluntary charity, the well-to-do continued to regard the "paupers" as a class apart. So, to a large extent, did the artisans, already organised in Trade Unions which often provided some sort of income for their members in times of sickness or unemployment. The better-off workers were proud to have lifted themselves above the welter of destitution—proud of their own self-help, of their success in raising their own wages and improving their conditions of labour. The Trade Unions, except a small minority of Socialists in their ranks, had little attention to spare for the plight of those below them.

The great Dock Strike of 1889, and the rise of the new Unions such as the Dockers and the Gasworkers, did much

to raise up the less skilled labourers nearer to the standards of the skilled artisans. The scope of Trade Union action grew wider: a larger proportion of the entire working-class became enrolled in the ranks of working-class respectability. But the "bottom dogs" remained—a *lumpenproletariat* unaffected by the new currents of social thought, and further off than ever from the working-class movement now that the less skilled regular workers had joined forces with the craftsmen. A real Labour movement became possible and before long a fact; but the "submerged tenth" had no part in it.

The stigma of pauperism remained as strongly marked as ever—perhaps more strongly marked now that a larger proportion of the manual workers had joined the Trade Union ranks. Socialists might proclaim the "right to work," and demand decent maintenance for all as a claim of common humanity: the applicants who filed, week after week, before the Guardians or the Relieving Officers remained a class of social inferiors, in their own estimation as well as in that of the classes above them.

§ 2. A HISTORY OF UNEMPLOYMENT INSURANCE

THIS WAS the situation when the composition of the class of paupers began to change. There was never a time after 1918 when the claimants for some form of public assistance did not include a large number of skilled workers, mostly surprised and ashamed at the spectacle of their own calamity. It is true that, from 1920, compulsory Unemployment Insurance, tried out experimentally before the war in a few areas under the 1911 Insurance Act, was extended to the great majority of the manual workers and to a large section of the "black-coats" as well. But the Unemployment Insurance Act of 1920 was conceived in terms of unemployment of the pre-war type. It was designed, like the Act of 1911, not to provide full maintenance over long

periods for households destitute of other resources, but to tide the workman over short periods of inability to find a job at his trade. Consequently, it was assumed that the recipient of benefit would be able to supplement what he got under the scheme out of savings, or Trade Union benefits, or at worst, by borrowing on the strength of the job he expected soon to obtain. It was openly declared by Ministers that the Act was not intended to provide for full subsistence, or to deal with chronic unemployment; and stress was strongly laid on the undesirability of raising benefits to a level that could possibly discourage any workman from doing his best to find work. The assumption was that, apart from short spells of job-hunting, work was obtainable for those who sought it: so that there was no real hardship in insisting that the unemployed should find means of supplementing from other sources the pittance secured to them under the compulsory scheme. As late as 1927, Sir Arthur Steel-Maitland was still asserting this view of the proper scope of State Unemployment Insurance. The benefits allowed, he said, had never been considered as "full maintenance," but had been intended as a "help—and a very material help indeed—for people to tide over a period of unemployment." (Speech on December 6th, 1927, quoted in Final Report of the Royal Commission on Unemployment Insurance, 1932, p. 23.)

Post-War Unemployment. It took a very long while for the realisation that this idea of the proper scope of State provision for the unemployed was utterly out of date to penetrate into most people's minds. It was both a traditionally accepted and, from the standpoint of public finance, a conveniently economical notion. But in the post-war years it became, in practice, more and more difficult to apply. Under the Acts of 1911 and 1920, unemployment benefits were payable for strictly limited periods, based on the number of contributions which the insured worker had previously paid in to the Unemployment Fund. The assumption had been that, if he could not find work within

the permitted period of benefit, there must be something wrong with his "employability," so that he had really no right to be reckoned as an insurable worker at all. His place was under the Poor Law, among the unemployables and down-and-outs whom society had somehow to salve its conscience by keeping barely alive.

It was, however, utterly impossible to act up to this view. As soon as the immediate after-war boom had broken, it became obvious that there were large numbers of persons out of work, and likely to remain out of work for an indefinite period, to whom no stigma of personal unemployability could possibly be attached. They were just as good workmen, or workwomen, as others who were employed: the reason for their lack of work was simply that the industries to which their skill belonged were depressed, or had at any rate reduced their demand for labour, and that other industries which were expanding could get all the labour they wanted without calling on the rejects of the contracting occupations. A large mass of redundant labour was pent up from the first in certain "depressed areas," which had for the most part been a little time before among the most prosperous industrial districts in the country. It was sheer nonsense to maintain either that these "surplus" workers could find jobs elsewhere if they really tried, or that their unemployment was due to any personal fault or defect, or that there was any assurance that it would be only temporary. There they were, confronting the governing classes of Great Britain with a new problem with which no one quite knew how to deal.

"Less Eligibility." To the governing classes, deeply imbued with the traditional notions about pauperism and unemployment, it seemed that one way of dealing with it, at any rate, was utterly out of the question. There must be no departure from the principle that the lot of the recipient of public assistance must be worse than that of the unskilled labourer in employment. The Interdepartmental Committee of 1923 reported that "benefits under

the scheme . . . have not been designed to cover all the responsibilities of the unemployed person in all circumstances, but rather to supplement private effort in mitigating distress due to unemployment" (quoted R.C. on Unemployment Insurance, Final Report, p. 21). The Blanesborough Committee said in 1927 that "ideal benefits must not be more generous than is consistent with the conditions of a good scheme . . . on the other hand they should certainly be so substantial that the insured contributor can feel that, if he has the misfortune to need them, then, *taken in conjunction with such resources as may reasonably in the generality of cases be expected to have been built up*, they will be sufficient to prevent him from being haunted while at work by the fear of what must happen to him if he is unemployed" (quoted *ibid.*, p. 22). Even the Labour Minister of Labour said, in introducing his amending Bill in 1924, that its principle was that "an honest man shall not starve though he be unemployed: neither shall he be driven to the Guardians; that he shall be paid a sum of money which at any rate will keep him from starvation" (*ibid.*, p. 22).

All these quotations clearly contemplate that, as far as State benefits are concerned, the incomes of the unemployed are meant to be inadequate for full maintenance. They are meant to tide over a temporary difficulty: they are meant to be supplemented from other sources, such as savings: they are not meant to be enough for a family to subsist on, year in and year out, without loss of health and strength. But though, of course, the majority of the claimants for benefit were not at any stage unemployed for years on end, throughout the post-war period this has been the wretched situation of a considerable minority; and for many more the spells of unemployment and underemployment have been long enough to preclude the building up of these "other resources" to which the Blanesborough Committee so complacently referred.

What happened was that the original notion of linking the period over which benefits could be drawn, on an

actuarial basis, to the numbers of contributions previously paid had very soon to go by the board. To enforce it would have meant the transference of great numbers of the unemployed from the insurance scheme to the Poor Law; and the Boards of Guardians in the depressed areas, dependent on local rates, would have been quite unable to bear the strain. Moreover, the transference itself would have been bitterly resented by self-respecting workmen who felt no degradation in accepting benefits under a State scheme, especially as they had been compelled to contribute to its cost, but would have been angered and humiliated by being forced to appeal to the hated Poor Law, and to undergo the searching inquisition which the Poor Law's traditional test of destitution would involve.

"Extended Benefits." In these circumstances, the conditions for the receipt of unemployment benefit had to be relaxed. They were first relaxed in 1921, when the rule restricting benefit to 15 weeks in any year was changed so as to allow 26 weeks' payments. Moreover, the rule which laid down that 30 contributions must have been paid before any benefits could be received, which was to have come into force in 1924, had to be waived; and a whole series of amendments had to be made in the scheme so as to allow payments to continue beyond the 26 weeks contemplated in 1921.

The system of "extended" benefits beyond 26 weeks was, in fact, the first tentative application of the "Means Test." Except for a short period in 1924-25, during which, under an Act passed by the first Labour Government, "extended benefit," was as much a statutory right as "standard benefit," the payment of "extended benefit," later called "transitional benefit," was always at the discretion of the Minister of Labour, who could refuse it in any case in which he considered either that it was not absolutely needed, or that other members of the applicant's family ought to undertake the burden of his support. This condition resulted, for the most part, in the refusal of extended benefit

to single men living with their parents, to husbands whose wives were at work (and sometimes vice versa), to workers earning on short time just enough to subsist on, and to certain other groups regarded as undeserving of public help. But the majority of the unemployed, even if they remained out of work long beyond the 26 weeks contemplated in the Act, did receive the extended benefit, as long as they continued to be regarded as legitimately belonging to an insured trade, and as "genuinely seeking work"—a phrase to which we shall have to return.

The general consequence of this system of "extended benefit" was that a rate of benefit which had been admittedly designed, not to secure full maintenance, but to enable the recipient, with the aid of other resources, to tide over relatively brief spells of unemployment, came to be applied without change to the chronically unemployed in the depressed trades and areas, though they could certainly not be expected for the most part to possess other resources out of which they could supplement their meagre "dole." The effects of this application of the scheme to a quite unforeseen situation were, indeed, somewhat modified by the fall in the cost of living during the post-war years; for this made the benefits provided somewhat less inadequate than they would otherwise have been. They were further modified by the introduction, from November 1921, of dependants' allowances, which had formed no part of the schemes of 1911 and 1920. Indeed, without these two modifications, it would have been impossible for many unemployed households to subsist at all on the sums allowed, and a vast number of the recipients of unemployment benefit would necessarily have been driven to the Poor Law for supplementary relief.

Many of them were in fact driven to the Guardians, who responded in different areas in very different spirits. Before long the Government found itself embroiled with certain Boards of Guardians—notably the Poplar Board—which insisted on what they regarded as a reasonable living standard of relief. "Poplarism" became a familiar term

TABLE XXVII
 SCALES OF BENEFIT UNDER THE UNEMPLOYMENT
 INSURANCE ACTS, 1911-31

	Single fully adult man	Single fully adult woman	Dependent wife	Each dependent child	Cost of living *
1913 (January) ..	7/-	7/-	Nothing	..	100
1919 (December) ..	11/-	11/-	Nothing	..	225
1920 (November) ..	15/-	12/-	Nothing	..	276
1921 (March) ..	20/-	16/-	Nothing	..	241
1921 (June) ..	15/-	12/-	Nothing	..	219
1921 (November) ..	15/-	12/-	5/-	1/-	203
1924 (August) ..	18/-	15/-	5/-	2/-	171
1928 (April) ..	17/-	15/-	7/-	2/-	164
1930 (March) ..	17/-	15/-	9/-	2/-	161
1931 (October) ..	15/3	13/6	8/-	2/-	145
	Man, wife 2 children		Index of benefit Nov. 1921 = 100	Index of cost of living Nov. 1921 = 100	
1913 ..	..	7/-	..	..	49
1919 ..	..	11/-	..	..	111
1920 ..	..	15/-	..	..	136
1921 (March) ..	..	20/-	..	..	119
1921 (June) ..	..	15/-	..	..	108
1921 (November) ..	..	22/-	..	..	100
1924 ..	..	27/-	..	..	84
1928 ..	..	28/-	..	..	81
1930 ..	..	30/-	..	..	79
1931 ..	..	27/3	..	..	71

* July 1914 = 100.

of abuse, not only in governing-class circles, but also among some Labour "moderates"; and the majority of Boards of Guardians, even where Labour was in control, refused to follow Poplar's lead in facing surcharge and imprisonment because they exceeded the rates of relief regarded as reasonable by the District Auditor and the Ministry of Health. The same trouble recurred later on, during the world depression, in Durham and other coalfield areas; but by this time bureaucracy felt stronger, and the local authorities in the recalcitrant districts were forcibly superseded and replaced by official administrators appointed by the Government without reference to the wishes of the inhabitants.

In the table on p. 197 we have set out the effects of the changes made in 1921. It will be seen that the introduction of dependants' allowances did bring with it a real alleviation in the position of unemployed households with dependent children, even though the rates of benefit allowed were and remained far below the scales laid down as the necessary minimum for healthy living by such bodies as the British Medical Association. It will be seen too that, for families of this type, the purchasing value of the benefits provided was greater under each new Act, except the "economy" Act of June 1921, than under the previous Act at the time when it first became law, though in 1931 the new "economy" measure weakened the position in comparison with what it was by that time under the Act of 1930.

But the tendency for the purchasing value of the family benefit to rise was sheerly unavoidable in face of the admitted inadequacy for maintenance of the earlier allowances. Gradually, up to 1931, the governing classes were being driven to recognise that the notion of unemployed families in most cases possessing additional resources, and of unemployment being in most cases only for quite short periods, had to be given up, and were being forced to admit that the benefits provided had to suffice at any rate for bare maintenance without supplements from other sources.

The May Committee. Even the grudging recognition of this necessity meant, in the years of depression after 1929, a burden of State expenditure on the unemployed which appalled the richer tax-payers. There was increasing talk in Parliament and in the newspapers about "anomalies"—benefits drawn without warrant by persons intermittently employed or not "genuinely seeking work," or extended benefits paid to households which could have subsisted without them. Even a Labour Government was forced into the concession of the Anomalies Act, which withdrew benefits from certain offending groups. But this by no means placated the Opposition; and the May Committee on National Expenditure presently delivered a full broadside, in which it called for drastic reductions in the general scale of benefit, for a large increase in contributions to the Unemployment Fund, and for the introduction of a "Means Test" in all cases of "extended," or as it was now called "transitional," benefit. This was too much for the Trade Unions to swallow; and in the midst of the financial crisis the Labour Government fell ignominiously from office, whereafter its more subservient members, now dubbed "National Labour," joined forces with the Conservatives and Liberals to carry out the behests of the financiers who had prompted the May Report.

Insurance and "Contracting" Industries. But before we pursue the story beyond 1931, there are other features of the earlier system to be noticed. We have seen that the entire Unemployment Insurance Scheme was planned in the belief that what had to be provided for was occasional unemployment of limited duration, after which the unemployed worker would again be able to find work, usually in his own trade. It was recognised, of course, that there were, even then, some "contracting industries"—the Nottingham lace trade, for example—and that in these industries a worker who fell out of employment could have no assurance of getting a new job. But unemployment insurance was definitely and admittedly not designed to

deal with cases of this sort. The unemployed worker in a decaying trade was to be able to draw his benefit for a limited number of weeks like anyone else; but during these weeks he must either find a job in his own trade, or in some other insured trade that was needing additional labour, or he must drop out of insurance altogether. His sole recourse, if he required further public assistance, was still the Poor Law.

It was, however, impossible to maintain this attitude when the "contracting industries" came to include not merely small trades here and there, but such basic national industries as mining, iron and steel, shipbuilding, many branches of engineering, cotton and other textiles. It was politically out of the question to hand over to the Poor Law masses of highly skilled organised workers, whose degradation would arouse the acute resentment of the entire Trade Union world. Accordingly, extended benefit was first started as a purely temporary measure, and then renewed again and again as the hoped-for improvement in the depressed industries failed to arrive. The effect was to destroy altogether the character of the scheme as a system of insurance. In any strict sense, it had never been and never could have been insurance; for it exacted the same contributions from persons who were exposed to very different risks and had therefore very different expectations of benefit. But, in its earlier forms, it was mainly financed out of contributions from employers and workers, with only a limited subsidy from public funds. Under the Act of 1911 the State contribution was roughly one-third of the combined contributions of the employer and workers. Under the Act of 1920 this was reduced to a quarter. In 1921, when dependants' allowances were introduced, it was raised to rather more than a third. In 1926 it became first 45 per cent and then 40 per cent of the combined contributions; and in 1929 the Labour Government raised it to 50 per cent, at which it was left in 1931.

The Insolvency of the Scheme. All this was, however, quite unreal; for from the moment when "extended

benefit" was made a regular part of the scheme the Unemployment Fund became insolvent, and could meet its commitments only by borrowing from the Treasury, which exacted interest in return. In 1931 the debt of the Fund to the Treasury had risen to £110 millions, even though by this time the State had taken a part of its extra obligations off its shoulders by assuming in 1930 the entire current cost of transitional benefit, to the amount in the year 1930-31 of over £20 millions.

Under these conditions, with the Fund insolvent and the deficit met either by borrowing or by special Exchequer grants, no real insurance character was left in the scheme, even though a large part of the cost continued to be met out of employers' and workers' contributions. Unemployment insurance became in fact a gigantic system of public relief, financed in part by a singularly inequitable tax on the wages of the employed. But the fact that it was administered by the State through the Employment Exchanges and not through the Poor Law, and the absence of any open Means Test, still prevented it from acquiring the stigma of pauper relief.

It had, of course, to be admitted, when once it was realised that post-war unemployment was largely of a different character from that which the scheme had been designed to meet, that the payment, year after year, of doles to the unemployed for doing nothing was a highly unsatisfactory business. Almost everyone kept on saying how much better it would be to set the unemployed to work, and so enable them to earn their own keep. This led to two movements—the institution of schemes of public works and of Industrial Transference.

§ 3. WORKS, TRANSFERENCE AND RELIEF

THE IDEA THAT public works instituted by the State or the local authorities could be used as a means of setting the unemployed to useful work was, of course, not novel.

As long ago as the 1860's, public works had been started in Lancashire during the crisis caused by the Cotton Famine; and the notion of works for the unemployed had been persistently urged by the I.L.P. and the Labour Party from their inception, as it had been by Robert Owen during the crisis which followed the Napoleonic Wars. The Unemployed Workmen Act of 1905 had contemplated the starting of relief works in times of distress; and the Minority Report of the Poor Law Commission of 1909 was largely concerned with the desirability of so distributing public works between periods of boom and slump as to even out the total demand for labour.

Public Works and Relief Works. The experts who advocated public works as a means of dealing with unemployment all drew a sharp distinction between the public works they wanted and mere "relief works." The difference was that "relief works" were started by simply taking on unemployed workers, almost regardless of their skill or suitability for the jobs in hand, whereas public works would employ labour engaged in the ordinary labour market, at the regular wage-rates, and with due regard to the special qualifications of the workers employed. The object of public works was thus not directly to employ the unemployed as such, but to increase the total demand for labour and thereby make it possible for the unemployed to be absorbed in useful production.

But the politicians who applied these ideas did not draw these sharp distinctions; and many of the works launched during the post-war period were much nearer in character to "relief works" than to public works in the sense approved by the economists. Special conditions were made about the numbers of unemployed workers from the depressed areas who were to be engaged; and preference was often given to one scheme over another on the ground that it would absorb *directly* more labour from the depressed trades.

It was soon realised that, in direct cost to the Exchequer,

either relief works or public works came more expensive than the "dole." Doubtless there was a return in value created in the one case and not in the other; but Governments, mindful of the attitude of the more articulate sections of the taxpayers, wanted to get off with as small a total outlay as they possibly could. This led, first, to a preference for more relief works to public works, because relief works, for which Trade Union wage-rates were not usually paid, or much equipment needed, usually cost less both in materials and wages, though they were also apt to create far less value; and, secondly, to a preference for the "dole" to either form of work-relief, because there was then nothing at all to pay for machinery or materials or contractors' profits, and the unemployed could actually exist on less if they were not working than if they were. It was conveniently forgotten that, even if an idle man could live on less than an active worker, this could hardly apply to his wife and children.

The policy in this respect alternated through the entire post-war period with changes of Government. In the first post-war depression the Government, still in a mood of warlike spending, launched out gaily but indiscriminately on works of many sorts. These were next cut down ruthlessly by the "Geddes axe." The Labour Government of 1924 made some attempt to return to a policy of public works, especially in the sphere of housing; but its measures were promptly axed again by Mr. Chamberlain during the next few years. In 1929 the Labour Government again tried public works on a smaller scale; and again Mr. Chamberlain firmly reversed the policy in 1931—since when the British Government has firmly maintained, in the face of a large and growing mass of Continental experience to the contrary, that public works are of no use at all in reducing unemployment.

Industrial Transference. As an alternative to public works, post-war Governments have mostly put their faith in "industrial transference," that is, the shifting of workers

from depressed to more prosperous areas. The idea behind this policy is that the total demand for labour is expansible under the sole stimulus of profit in some parts of the country, though not in others: so that if an unemployed miner from Durham or South Wales can be planted down in Birmingham or London he will stand a better chance of getting a job. It is, of course, perfectly true that he will: the question is whether the job he gets will be lost to a Londoner or a Birmingham man who would otherwise have occupied it, and the total volume of unemployment thus left just as it was, except for a redistribution between areas.

Now the plain truth has been that, in most of the areas to which labour has been transferred from the depressed districts, there has been no shortage of workers. Some industrial transference is, of course, necessary and desirable, and some growing industrial centres do need to attract labour from outside—as Oxford, for instance, has done with the growth of the motor industry. But it was soon found that the transference of large numbers of workers into great industrial centres which were less depressed than others could do little to create additional jobs. Take, for example, the case of road-making. It has been a systematic policy, in many road schemes, to use a high proportion of labour transferred from the depressed areas. Such employment is, however, temporary. The job for which the worker was transferred comes to an end; and he is often unable to find another, because someone else is being transferred from a depressed area for employment on the next job. As a result of this policy, many of the transferred workers have drifted back to their own districts; and even in the summer of 1936 the percentage of unemployed workers in the Public Works Construction Group remained as high as 43 per cent.

Moreover, transference can hardly be applied at all to the older workers. Its effect, therefore, is to drain the depressed areas of young people, leaving those who remain with a relatively higher burden of old people and unfit people to support. To follow this policy is not to solve the

problem, but to give it up as a bad job—not to help the depressed areas, but actually to worsen their plight.

§ 4. THE MEANS TEST AND THE NEW SCHEME

INDUSTRIAL transference, in face of the increased volume of unemployment almost everywhere since 1929, has become harder and harder even to misapply on any considerable scale. Consequently Governments have fallen back more than ever on the policy of “doles”—that is, of merely helping the unemployed to live at the lowest possible immediate cost. But even at very low rates this cost has been so great that there has been a continual hunt for persons who could have their doles taken away or reduced without provoking too intense a social conflict. The victims of this process have been, in order of successive campaigns against them: (1) unmarried women who could be forced into domestic service, and thus removed altogether from the scope of the scheme; (2) sons or daughters of employed persons living at home, husbands or wives of employed persons, and other near relatives whose support could be foisted off on to someone still in a job; (3) married women and to a less extent certain groups of week-end and seasonal workers; (4) the general body of unemployed who have been long out of work, and can be made subject to the “Means Test” as recipients of transitional benefit, now renamed “Unemployment Assistance.”

The first of these groups has been under almost continual attack ever since the insurance scheme came into force. The second group fell under the axe in the years between 1925 and 1929, during which the Minister of Labour made a growingly stringent use of his power to disallow extended benefit. The third group was attacked under the Anomalies Act of 1931, passed by the Labour Government but savagely administered by its successor. Within a year of the

coming into force of the regulations under the Act, 180,000 married women had been deprived of benefit, usually on the ground that they could no longer be regarded as having a reasonable prospect of re-employment in an insured trade. The numbers of seasonal and week-end or part-time workers whose claims were disallowed under the regulations was much smaller; but over the same period 28,500 seasonal, and between three and four thousand part-time workers were deprived of benefit. All these campaigns, however, were but advance skirmishes in preparation for the real push made under the "National Economy" Act of 1931.

We have had cause to mention already the notorious May Committee on National Expenditure, which was the spearhead of the campaign to reduce the total cost of the "dole." This body, on the basis of a "live register" of insured unemployed numbering 2,500,000, drew up proposals for drastic retrenchment. It proposed to "save" nearly £15 millions, out of £74½ millions, by reducing rates of benefit, another £6 millions by cutting persons off the "dole," another £8 millions by limiting the duration of benefits strictly to 26 weeks, and £500,000 or so by reducing salaries and administrative costs. At the same time, it proposed to raise contributions by £15 millions, partly by raising the rates, and partly by compelling such "excepted" groups of workers as permanent Civil Servants, municipal employees, and railwaymen to contribute to the fund, even though they were unlikely to draw anything out of it.

These proposals can hardly have been meant, even by their sponsors, to be fully acted upon. Their function was to prepare the public mind for something which, drastic as it was meant to be, might seem mild by comparison. In the face of a threat to skin the unemployed alive, a subsequent decision merely to beat them black and blue would, it was hoped, be mistaken for clemency. The gambit is familiar; but it often works.

The Royal Commission's Reports. Actually, on the basis of proposals made by the Royal Commission on Unemployment Insurance, contributions were raised from 7*d.* to 10*d.* a week, while benefits were reduced from 17*s.* to 15*s.* 3*d.* for men, from 15*s.* to 13*s.* 6*d.* for women, and from 9*s.* to 8*s.* for dependent wives. The period for receipt of benefit was limited to a maximum of 156 days. Transitional benefits were abolished in their old form, and a means test, to be administered by the local Poor Law or Public Assistance Authorities was put in their place, with the proviso that no one, however great his need, should receive more under the new system than the current rate of insurance benefit.

These, however, were only transitional measures; and in 1934, on the basis of the Royal Commission's Final Report, yet another series of changes was made. The effect of the Act of 1934 was to divide the unemployed permanently into three categories, eligible respectively for insurance benefit, unemployment assistance, and public assistance. The unemployment scheme itself was to be put back for the future on a strictly actuarial basis, with a specially appointed body, the Unemployment Insurance Statutory Committee, to watch over the solvency of the Fund and recommend changes in contributions or benefits, or the conditions attaching to them, as the state of the Fund might require. At the same time the benefit cuts made in 1931 were restored, the age of entry into insurance was lowered to the school-leaving age, and persons with good past insurance records were allowed to draw benefits for a somewhat longer period. Since then, in 1936, the scope of insurance has been further extended by the inclusion of agricultural workers under a special scheme, with lower contributions and benefits; and a further extension to "black-coats" earning under £250 a year is under discussion.

The Unemployment Assistance Board. A worker exhausting his benefit claims in this formal category of "insurable persons" must resort, under the 1934 Act, to

“unemployment assistance.” This, however, is now administered not by the local authorities, but by a second national body, the Unemployment Assistance Board; and the money is provided nationally, though a contribution is required from the local authorities towards the cost. This part of the 1934 Act was designed to come into force in two stages. At first, unemployment assistance was to apply only to workers attached to the insured trades who had fallen out of benefit; but on a second “appointed day” it was to be extended further to all workers who came under the Widows’, Orphans’, and Old Age Contributory Pensions Act—that is, broadly, to most workers.

The second of the “appointed days” under the Act of 1934 has, however, not arrived as we write, though it was meant when the Act was passed to arrive on March 1935. One reason for this remarkable delay is that the advent of the first “appointed day,” on which the regulations drawn up by the Unemployment Assistance Board were to have been applied to the workers previously in receipt of “transitional payments,” did not pass off so smoothly as the sponsors of the new system had hoped. The regulations of 1935 had to be precipitately withdrawn, and a special Act passed whereby, until the autumn of 1936, the workers who were to have been subjected to them should receive the better of two bad jobs—the sums previously allowed them as “transitional payments” by the Public Assistance Committees, or the sums allowed under the new regulations, whichever might be the higher. Only in the summer of 1936 did the Unemployment Assistance Board produce, and Parliament in face of Labour opposition approve, its new regulations, to replace those which had given rise to so much trouble.

Meanwhile, the workers in the uninsured trades have remained in the third category, eligible for relief only in the form of public assistance out of local rates—that is, of poor law relief under its new, grander name. When and if the second “appointed day” does arrive, a large proportion of the able-bodied persons now in receipt of public

assistance will be transferred to the Unemployment Assistance Board; but a residue from both the insured and the uninsured groups will remain under the Public Assistance Committees.

Where precisely the line will be drawn, no one knows. The intention is that those who are regarded as genuinely "employable," that is, fit to be used as a source of profit, shall come under the Unemployment Assistance Board, and be relieved in accordance with a standardised national scale, modified in accordance with personal and family needs; whereas those who fall outside this category, including insured workers whose basic needs unemployment benefit is too small to meet, can be catered for by the local Public Assistance Committees, each working in accordance with its own conceptions of what is needed, but subject to an overriding authority on the part of the Ministry of Health to check, or even to supersede, any local body which is regarded as guilty of undue generosity. The families of workers in receipt of unemployment assistance will also be able, in certain limited circumstances, to appeal for supplementary help to the Public Assistance Committees; but clearly the intention is to keep this dual type of relief within the narrowest possible limits.

As we write, in the autumn of 1936, the new regulations of the Unemployment Assistance Board are on the eve of being brought into operation, with what consequences no one can yet fully foresee. Very generally, the sums paid out will remain about the same as under the transitional system in force during 1935-36; but these sums will be differently distributed, to the disadvantage especially of the workers in certain coalfield areas, notably South Wales, where the scales administered by the local public authorities have been relatively high. As against this, there will be gains in areas where the P.A.C.s have been niggardly beyond the average. But on the whole the gains are likely to occur mainly in the more prosperous, and the losses in the most depressed areas, with the effect of widening the gulf, wide enough already, between the

standards of living in districts such as South Wales and Durham and the standards in less unhappy regions. In order to prevent a general outcry, the new scheme is being brought in by stages—increases first, reductions later; but this is its final effect.

It is exceedingly difficult to present any clear picture of what happens to the unemployed who fall under the ministrations either of the Unemployment Assistance Board, or of the Public Assistance Committees. For the P.A.C.s there is no national scale, each area, with or without a standard scale, applying its own terms and conditions of relief. In the case of the U.A.B. there is a national scale; but it is qualified by so many variable conditions that no clear impression can be given of what it means. Its meaning will in fact depend on how it is administered; and what is known of the spirit and attitude of the U.A.B. does not encourage the hope that it will be generously applied. The U.A.B., or at least its Chairman, Lord Rushcliffe, was, indeed, evidently very much annoyed by the clamour which arose at its regulations of 1934, and at the Government's yielding to it; and the Board's first annual report consisted largely of a tirade against the alleged abuses of the transitional system. The U.A.B. was compelled to amend its regulations so as to make concessions; but it remains only too ready to lie in wait for the needy and trip them up by rigorous administration.

The Old Scales and the New. Let us begin by setting out side by side the rejected scale of 1934 and the amended scale of 1936. It will be seen that there are increases under the later scale for women of all ages, but not for men or for husbands and wives living together. Children over 16 are raised to the same scale as persons of 18–21; but there is no increase for younger children, except the abolition of the clause reducing allowances by 1s. a head in the case of large families, which was surely the most monstrous provision of all. Persons living outside households are nominally scaled up to 15s., but really left to the discretion of the Board.

The scales, however, give a very incomplete picture of the system. They are scales, not of actual allowances to be paid, but of estimated needs in the absence of other sources of income, and the amounts received depend both on how any increase coming into the household is divided, and on the method of dealing with rent.

Rent. As to rent, the "needs scale" laid down by the U.A.B. is supposed to include provision for rent up to a sum representing one-quarter of the total sum allowed, and no special rent allowance is ordinarily payable unless the actual rent exceeds this proportion. A sample investigation in January 1935 showed that at that time nearly one-third of the households getting assistance paid under 6s. a week in rent, over 60 per cent under 8s., and about 80 per cent under 10s.: so that it does not seem probable that any considerable sum will be paid out in supplementary rent allowances under the scale. The chronically unemployed have to cut their rent costs in order to exist at all; and unless they are compulsorily removed under slum-clearance or overcrowding schemes, most of them will stay huddled together without any help from the U.A.B. towards bettering their condition. It is, however, provided that where an unemployed worker owns, or partly owns, his dwelling, his income from this source (unless he sub-lets any part of the house) shall be disregarded in reckoning his allowance.

Other Sources of Income. As to earnings or other sources of income, the regulations of 1936 are in some respects less monstrously unjust than those of 1934. The table on pp. 214 and 215 must not be taken as more than an incomplete comparison of the main features, for some of the provisions simply cannot be summarised. It will, however, be seen that the most important change is in respect of the earnings of sons and daughters living in the parents' house, and of persons who form part of the household, but stand in no relationship, or a more remote relationship, to its

TABLE XXVIII
UNEMPLOYMENT ASSISTANCE
BOARD'S SCALES OF FAMILY
NEEDS, 1934 AND 1936

A. HOUSEHOLDERS		1934	1936
Husband and wife together	..	24/-	24/-
Man, without wife	..	16/-	16/-
Woman, without husband	..	14/-	15/-
B. MEMBERS OF HOUSEHOLD			
First male over 21	..	10/-	10/-
Other males over 21	..	8/-	10/-
First female over 21	..	8/-	9/-
Other females over 21	..	7/-	9/-
Males, aged 18-21	..	8/-	8/-
Females, aged 18-21	..	7/-	8/-
Adolescents, aged 16-18	..	6/-	8/-
Adolescents, aged 14-16	..	6/-	6/-
Children, aged 11-14	..	4/6	4/6
Children, aged 8-11	..	4/-	4/-
Children, aged 5-8	..	3/6	3/6
Children, under 5	..	3/-	3/-
Minimum where only one child		4/-	4/-
Reductions for households of more than five persons, per person	..	1/-	No reduction.
C. PERSONS NOT IN HOUSEHOLD			
Males over 18	..	15/-	15/- subject to adjustment in each case.
Females over 18	..	14/-	
Males under 18	..	13/-	
Females under 18	..	12/-	

head. Apart from this, the Board has left the 1934 conditions almost unaltered.

The Family Unit. The treatment of the household's entire income as a unit has been, of course, together with the general inadequacy of the scales, the chief point of attack in the U.A.B. regulations. If sons or daughters or other relations go away and set up house elsewhere, any income they earn cannot be taken into account as a deduction from the applicant's allowance. If they dutifully stay at home, the greater part of what they earn is thrown into the common pool, and has the effect of reducing the allowance paid to the household. Under the 1934 regulations, two-thirds, and in some cases three-quarters, of such earnings were set off against the needs of the household, so as to reduce the sums allowed. Under the 1936 system, an earner under 18 is allowed to retain up to 12s., and one over 18 up to £1, as a personal allowance, which is not considered as part of the household income; and larger allowances may be made for more distant relations, or unrelated persons, belonging to the household. The applicant himself, or his wife, is also treated rather less shabbily than in 1934, being allowed the first 3s. earned, or half the total earnings up to a total allowance of 8s.

The U.A.B. has thus been compelled to depart from the full severity of its earlier view of family solidarity, in the hope that the concessions will lessen the outcry against the "household means test" as a whole. It is, however, clearly monstrous to treat all the income coming into a household as constituting a single pool, irrespective of who earns it; and the injustice is not removed by making concessions in applying the principle. In fact, we are here face to face with the fundamental quarrel between those who uphold the Means Test and those who oppose it. To the former, the assistance given to the unemployed is given not as a right, but as an act of charity or "prevention of nuisance." It is therefore—for charity begins at home—to be strictly limited to the smallest sum that will keep the unemployed from

TABLE XXIX

UNEMPLOYMENT ASSISTANCE BOARD'S METHODS OF TREATING FAMILY MEANS UNDER 1934 AND 1936 REGULATIONS

Amounts of Income *NOT* to be taken into account in assessing allowances (i.e. all income not specified is to be taken into account)

A. EARNINGS

	1934	1936
Of applicant	.. First 5/-, or half total, whichever less	.. First 3/-, or half total up to 8/-, allowed
Of applicant's wife, husband, father or mother	.. Ditto	.. As above, plus scale rate for earner, if not already allowed
Of applicant's son, daughter, brother or sister	.. One-third up to 20/-, then half	.. If under 18, all up to 12/-, plus half of excess over 12/-
		.. If over 18, all up to 20/-, or 16/- plus half excess over 16/-

Of other members of household .. As for sons, etc., plus any further allowances deemed reasonable

If earner is householder, an extra 5/- is allowed

B. BENEFITS, ETC.

Friendly Society Sick Pay	.. First 5/-	.. First 5/-
Health Insurance Benefit	.. First 7/6	.. First 7/6

dying or becoming unduly troublesome; and their relations are as far as possible to be made to bear the cost of maintaining them in order to save the pockets of the taxpayers. Behind this system is still the notion that unemployment is somehow the fault of the unemployed, from which they are to be deterred if possible; and an attempt is made to persuade their relations to help in deterring them, because they will be made to contribute to their support.

These motives and ideas are, of course, well covered up with fine words. The family means test is defended as giving expression to the Christian conception of family solidarity, in accordance with the Fifth Commandment. There is the familiar talk about unconditional "doles" demoralising the recipients, and so on. Yet in fact nothing could be more calculated to break up the family group than a system which penalises son or daughter, brother or sister, for remaining in the unemployed person's house, and allows them to escape obligation by leaving it. And nothing could be more demoralising than a system which so plainly treats the unemployed workers as social inferiors and near-criminals, and breeds in them either a burning hatred of their betters or a humble cringing before authority after the fashion of Uriah Heep.

The Case Against the Means Test. The opponents of the means test hold that maintenance is the right of everyone who is prepared to take his share in the work of the community according to his abilities, and of no other able-bodied and able-minded person. They hold that unemployment, except of the few who are really unemployable—and even of them, only where society has not made them so—is the fault of society, the result of a flaw in the economic system. Society, they hold, owes the unemployed decent maintenance—not just enough to keep them from starving, but enough to enable them to live a good and rounded life. They add that, if this were recognised, it would soon become plain that it was not really more "economical" to pay the unemployed for doing nothing than to set them

to useful work, which nearly all of them would greatly prefer.

If maintenance is a right and not a charity, there is no more reason for reducing a man's unemployment allowance—or a woman's—when they have relatives earning or a little money saved up, than there is on the same grounds for reducing a man's wage when he is employed. The Unemployment Insurance system recognises this, as far as it goes; and the Labour Government's Act of 1924, which made extended as well as ordinary benefit a statutory right, recognised it more. Its full recognition would mean the granting of incomes adequate for reasonable maintenance to all unemployed persons who were willing to work. But even the half-recognition of right accorded in 1924 was much too much for the governing classes; and they waited till, after the Labour landslide of 1931, they felt strong enough to impose the family means test and shove back their social inferiors into the abyss in which they belonged.

How Do the Unemployed Live? We are, however, dealing with things as they are, and not as they ought to be. On the U.A.B. revised 1936 scales of needs, a family of two adults and three young children, paying 7*s.* 6*d.* a week in rent, will, unless special circumstances are held to exist, or there are earnings or other income coming in, receive 34*s.* 6*d.*, if we assume the children to belong one each to the three lowest age-groups. If all the children are between 11 and 14, the allowance will rise to 37*s.* 6*d.* At either of these figures, the family will fall well within Sir John Orr's lowest income group, having an income of much less than 10*s.* per head per week. But, as we saw in Chapter II, the diet of the families within this group is on the average inadequate for health in every single constituent of a satisfactory diet. Its members go desperately short in respect of vitamins and mineral salts; they get too little protein, and much too little fat; they even get too little carbohydrate—the cheapest food. In short, they are being starved, if not to death, at any rate into ill health and, it is hoped, into

passive acquiescence in their fate as their power of resistance is weakened.

At 1933 prices, the British Medical Association Diet 14, designed for a man and wife with three young children, cost 19s. 3½*d.* Deduct this, plus 7s. 6*d.* rent, from the 33s. 6*d.* which the "Diet 14" family would receive—for the children are younger in the "Diet 14" family than in the case given above—and if the rent is less than 7s. 6*d.* the allowance under the Means Test may be reduced. The household will have left, for everything except rates and food, 6s. 8½*d.* This will have to cover clothing, fuel, light, household expenses, travelling, and such "luxuries," from the U.A.B. standpoint, as a newspaper, tobacco or sweets, an occasional drink, or visit to the cinema, and any contribution to club or society of any sort—expenses, some of which, in one or another form, almost every family will actually incur, even if it means going short of food. For the unemployed are human, even though we do not treat them as if they were.

In order to live up to the B.M.A. standard of nutrition, even at 1933 prices—and prices are higher now—this miserable family will have to spend nearly 58 per cent of its total income on food, and over 22 per cent more will go on rent. This compares with A. E. Feavearyear's estimate for 1932 that, of the national expenditure as a whole, 30½ per cent was expended on food, and 15¾ per cent on "maintenance of the home," which included fuel, repairs and other items in addition to rent. Truly, the U.A.B. scale, even in its revised and "humanised" form, does not allow much margin. The unemployed family, unless it has other resources, is given the choice between forgoing all human activities beyond the barest subsistence, and going short of necessary food in order to keep a little hope and cheer in its heart.

We at any rate, however dispassionate we are trying to make this book, cannot write without passion about such oppression in a land of potential plenty. If food were short, we should all be morally bound to tighten our belts. Where

the complaint is of glut, nothing but ferocious inhumanity, or criminal lack of imagination, can explain this cruelty.

§ 5. WHO ARE THE UNEMPLOYED?

THERE, however, it is—man's inhumanity to man unaltered by all our progress in cultivation and the industrial arts. Leave it at that; and let us try to see next who are the unemployed, where they live, and what is their prospect of finding work and self-respect and incomes that will save them from the dire alternations of rage and humility, real or assumed.

There are, as we write, roughly 1,600,000 of them in Great Britain, in the insured trades alone. There are really a good many more altogether; for there are also 110,000 uninsured workers on the registers of the Employment Exchanges, and an unknown number more who are neither insured nor registered. But take the 1,600,000 as near enough for our present purpose.

The Depressed Industries. To begin with, nearly a quarter of a million are coal-miners. One miner in every four is out of work, though the total labour force in the industry has shrunk by about 20 per cent since 1923. Coal-miners make up nearly 15 per cent out of the total number of the unemployed. They constitute by far the most serious single problem.

But there are two other large groups which have an even greater percentage out of work. One is Public Works Contracting, which attracts a vast mass of unskilled labour, and has also been artificially swollen in personnel by industrial transference. Here are another 116,000 unemployed, to whom we should add most of the 56,000 unemployed builders' labourers, and a large fraction of the 62,000 unemployed workers belonging to the local government service, as well as most of the 70,000 described as "casuals" following

no definite occupation. Here we have another quarter of a million at least of surplus workers who are mainly unskilled, or at best half-skilled, for whom the economic system has found neither use nor opportunity for skilled training.

The other industry with a higher percentage of unemployed than coal-mining is shipbuilding, greatly stimulated during the war, and almost ever since continuously depressed, though just now less depressed than it has been. One out of every three shipbuilders is out of work; and most of them are skilled men who have undergone a deep degradation in their standard of living. Add marine engineering, and you have here another 50,000 victims of our economic system. Shipping, with one in $4\frac{1}{2}$ out of work, contributes another 32,000, and dock and harbour services, with 14.2 per cent, add 44,000.

The textile trades, headed by cotton, account for another 146,000, and the clothing trades for 63,000. In the case of textiles, the figures given underestimate the truth, because of the prevalence of forms of under-employment which do not get into the returns.

These are the more important of the depressed industries. Taken together, they account for about 870,000 of the unemployed, or about 55 per cent of the total. The other 45 per cent are distributed among other industries, including some smaller trades which are very badly depressed, but mostly in relatively prosperous occupations, with less than the average percentage out of work.

The "Prosperous" Industries. But even in these "prosperous" industries the percentages are large enough to have been regarded as signs of depression in pre-war days, when, except in trades especially liable to casual or seasonal variations, anything over 5 per cent was considered as serious. In July 1936, the only considerable groups with less than 5 per cent out of work were "Professional Services" and "Commerce and Finance," the lowest percentage for manufacturing industries being just over 6 per cent for

TABLE XXX

UNEMPLOYMENT IN THE PRINCIPAL INDUSTRIES AND SERVICES IN GREAT BRITAIN IN JULY 1936

	WORSE THAN AVERAGE		BETTER THAN AVERAGE		
	Numbers unemployed, Thousands, G.B. only	Percentage unemployed, G.B. and N.I.	Numbers unemployed, Thousands, G.B. only	Percentage unemployed, G.B. and N.I.	
Public Works Contracting	.. 116	43.3	..	9	3.8
Shipbuilding .. ..	.. 45	30.6	..	6	4.4
Coal Mining .. ..	.. 234	25.0	..	7	5.6
Shipping .. ..	.. 32	22.3	..	25	6.2
Miscellaneous Services ..	.. 34	21.6	..	23	6.8
Pottery and Earthenware ..	.. 14	19.3	..	17	7.9
Entertainment and Sport ..	.. 23	19.0	..	51	7.9
Local Government Service ..	.. 62	17.4	..	6	8.2
Metal Manufacture .. ..	.. 47	15.6	..	8	8.3
Cotton .. ..	.. 67	15.1	..	57	8.3
Docks, Harbours, etc. ..	.. 44	14.2	..	14	8.6
Road Transport .. ..	.. 34	13.4*	..	171	8.7
Miscellaneous Textiles ..	.. 54	13.2†	..	48	8.9
Glass .. ..	.. 6	12.6	..	18	9.1
			..	63	10.9
			..	25	10.9
			..	47	11.2
			..	25	11.3
			..	112	11.7†
			..	6	11.9
			..	14	12.1
All trades (including other trades)	.. .. 1,595	12.5	..	..	..

* Excluding trams and buses.

† Skilled craftsmen only, 6.3 per cent ; labourers only, 15.5 per cent.

† All textile trades.

printing and paper, and just under 7 per cent for the vehicle trades, which are engaged chiefly in making motor-cars. A glance down the list of trades showing less than the average percentage out of work shows that they fall mainly into two groups—services as distinct from manufactures, and consumers' trades as against the great basic industries on which British economic prosperity formerly rested. The chemical trades and engineering also show relatively low percentages, partly owing to the revival in the armament industries and partly because of the activity of the electrical and light engineering trades, as contrasted with heavy engineering.

Only two of the groups with less than the average degree of unemployment have more than 100,000 persons out of work. These are distribution, one of the most rapidly growing occupations in recent years, with over two million insured workers, and building. For the latter we have given in a footnote two figures, distinguishing the degree of unemployment among skilled craftsmen and labourers. Actually, the "labourers" fall into two clearly marked groups, relatively skilled labourers specialised to particular crafts, and general building labourers. Among the former only 11·3 per cent were out of work in July 1936; among the latter 27·2 per cent. Unemployment in the building industry is thus found chiefly among the less skilled and less specialised workers who have crowded into it as a consequence of the housing boom.

Unemployment by Areas. Unemployment is, of course, very unevenly spread between areas as well as between industries and occupations. The tables on pp. 224-5 show how the unemployed were distributed in July 1936 between the main divisions of the country. It will be seen that if a line be drawn across the country between the Midlands and the North, every division to the south of this line has less than the average percentage unemployed, and every division to the north of it more than the average. Scotland is worse than Northern England, and Wales again is a great deal

worse than Scotland. Out of 1,717,000 registered unemployed, including some of the non-insured trades, 156,000 are in the London region, 137,000 in the rest of Southern England, 181,000 in the Midlands, 721,000 in Northern England, 268,000 in Scotland, 188,000 in Wales, and 65,000 in Northern Ireland. The North, Scotland and Wales remain much worse off than Southern England, despite the great revival of certain of the heavy industries in the North, largely in connection with rearmament. This revival has, for the moment, checked the "southward trend" of industry to some extent, but it has done little to alter the general distribution of unemployment between the principal areas.

The Ages of the Unemployed. Out of the total number of unemployed on the register in July 1936, rather over 1,400,000 were men and boys, and rather over 300,000 women and girls. Roughly 100,000 were under 18, and only 4,000 were over 65 years of age. Unemployment was relatively low among boys under 18, but high among girls under 16. Among men, it was most severe in the age-group between 55 and 65, and least in the group between 18 and 24. Among women, the recorded figures show no corresponding increase in the older age-groups; but this is principally because women tend to drop off the register at an earlier age than men. In the highest age-group, of those over 65, the numbers on the register give no real indication of the volume of unemployment among those still seeking work. This is shown, and the general relationship between the numbers unemployed and those seeking work at different ages indicated, by the comparison made in the table on p. 225 between the age-distribution of the unemployed and that of the occupied population as a whole, as shown in the Census of 1931.

The fall in unemployment during the past two or three years has benefited the younger much more than the more elderly sections of the unemployed. Between May 1935 and May 1936 the number of unemployed between 18 and 45

TABLE XXXI
UNEMPLOYMENT BY AREAS,
JULY 1936

M. of Labour Division	Nos. unemployed, thousands	Per cent unemployed	Men only, G.B. only. Age distribution of unemployed over 18. Per cent of total unemployed in areas.			
			under 25	25-45	45-60	over 60
London ..	156	6.5	19.0	40.7	30.7	9.6
S.-Eastern	61	5.6	19.0	41.6	28.7	10.7
S.-Western	76	7.8	15.7	42.5	30.0	11.8
Midlands	181	9.4	13.3	41.5	33.6	11.6
<i>Great Britain and</i>						
North Ireland	1,717	12.7	16.8	45.0	29.2	9.0
N.-Eastern	362	16.6	15.3	45.9	29.7	9.1
N.-Western	359	16.2	17.1	45.9	28.8	8.2
Scotland	268	18.0	20.2	47.8	24.8	7.2
Wales ..	188	28.5	15.7	46.4	30.0	7.9
N. Ireland	65	23.0				
<i>Special Schemes</i>						
(Banks and Insurance)	—	1.6				
<i>Age Distribution of Occupied Population</i> (G.B. 1931)			31.7	39.2		29.1

TABLE XXXII
UNEMPLOYMENT IN LARGE
TOWNS, JULY 1936

(Numbers unemployed in thousands)

Halifax	2·3	Middlesbrough	10·6	Dundee	15·5
Barrow	2·8	South Shields ..	11·2	Oldham	15·4
Brighton.. ..	3·2	Salford	11·6	Sunderland ..	18·1
Huddersfield ..	4·2	Wigan	11·9	Leeds	20·1
Coventry	5·1	Barnsley	12·9	Edinburgh ..	20·4
Portsmouth ..	5·2	Swansea	13·2	Newcastle ..	20·6
Grimsby	5·6	Blackburn	13·4	Birmingham ..	21·7
Wolverhampton	5·9	Bradford	13·7	Stoke-on-Trent	21·8
Norwich	6·2	Hull	13·9	Sheffield	24·7
Plymouth	7·2	Nottingham	14·0	Manchester ..	38·1
Leicester	9·9	Cardiff	14·9	Liverpool	84·0
Doncaster	10·1	Bristol	15·1	Glasgow	89·6
Bolton	10·2				

TABLE XXXIII

AGE AND SEX DISTRIBUTION OF THE REGISTERED UNEMPLOYED IN GREAT BRITAIN IN MAY 1936

Compared with Age and Sex Distribution of the Occupied Population of Great Britain at the
Census of 1931

	MALES		FEMALES		TOTAL	
	Per cent of all Unemployed 1936	Per cent of all Occupied 1931	Per cent of all Unemployed 1936	Per cent of all Occupied 1931	Per cent of all Unemployed 1936	Per cent of all Occupied 1931
Under 16	1.8	3.0	3.1	3.8
16-17	1.9	4.7	2.7	6.2
18-24	16.2	17.5	18.3	21.7
25-34	23.9	22.7	23.8	22.4
35-44	19.4	18.6	18.7	16.8
45-54	18.2	16.7	16.8	14.7
55-64	18.4	12.2	16.2	10.4
Over 65	0.3	4.6	0.2	4.0

Actual Numbers Unemployed in Age Groups, with percentages of Total Unemployed
excluding those under 18

	MALES			FEMALES			TOTAL	
		Numbers Unemployed, Thousands	Per cent of all Unemployed over 18		Numbers Unemployed, Thousands	Per cent of all Unemployed over 18	Numbers Unemployed, Thousands	Per cent of all unemployed over 18
Under 16	..	25.8	—		28.4	—	54.2	—
16-17	..	26.4	—		20.1	—	46.5	—
18-20	..	62.2	4.6		33.4	12.5	95.6	5.9
21-24	..	166.6	12.2		54.4	20.5	221.0	13.6
25-34	..	337.7	24.8		74.1	27.9	411.7	25.3
35-44	..	274.4	20.2		48.2	18.1	322.7	19.8
45-54	..	256.7	18.8		34.2	12.9	290.9	17.9
55-59	..	141.3	10.4		12.9	4.9	154.2	9.5
60-64	..	118.5	8.7		8.4	3.1	126.9	7.8
Over 65	..	3.7	0.3		0.1	0.1	3.9	0.2
Total	1,413.4	—		314.1	—	1,727.6	—

fell by over 200,000, or 20 per cent, whereas the number over 45 fell by about 64,000, or 11 per cent. The fall, moreover, was greatest among the younger age-groups. Among men between 18 and 20 unemployment fell by one-third during the year, and among those between 21 and 24 by over 23 per cent. This was partly a consequence of the preference of employers for younger workers; but it was also influenced by the declining birth-rate, which is already reducing the supply of young adult as well as of juvenile labour. Nearly 37 per cent of all the males registered as out of work are between 45 and 65, and only 20 per cent under 25, whereas the Census shows 29 per cent and 25 per cent of occupied males in these two age-groups.

There is no doubt, then, about the heavy incidence of unemployment on the older workers, who are less easily adaptable to new types of work than their juniors, and less able to move from place to place in search of a job. This handicap upon the older workers exists, moreover, not only in the depressed areas but everywhere, as the table on p. 227 plainly shows. At the other end of the industrial ladder, however, there is enough unemployment among young people to cause serious disquiet, especially in the depressed areas; for if a worker fails to learn a trade properly when he is young, the loss is his, and the nation's, for the rest of his life.

Forms of Relief. The unemployed workers who are in receipt of some sort of income from public sources can, as we have seen, be divided into three groups—receiving, respectively, unemployment insurance benefits, unemployment assistance, and public assistance out of local funds. In June 1936, out of 1,645,000 unemployed, 708,000, or 43 per cent, were drawing insurance benefits, and were thus exempt for the time being from the Means Test. 603,000, or nearly 37 per cent, were getting unemployment assistance; and of these 248,000, or 15 per cent of the total, were being paid under the U.A.B. 1934 scale, and 355,000, or nearly 22 per cent, under the “transitional

payments" scheme, which was introduced when the U.A.B. scale had to be withdrawn early in 1935. This means that these workers are still being paid under conditions settled by the local Public Assistance Committees, because these conditions are more favourable than the rejected U.A.B. scale. Adding these groups together, we get a total of 1,311,000, which leaves 334,000 unemployed who are not getting either unemployment benefit or unemployment assistance. How many of these rejects are in receipt of public assistance we do not know; but in January 1936, when the total number out of work was 2,131,000, there were 330,000 persons in receipt of outdoor public assistance on account of unemployment, not including those relieved in institutions. These of course include unemployed workers in the uninsured trades. The numbers must have been considerably smaller by June 1936; but clearly the vast majority of those out of work, unless they have only just lost their jobs, are receiving some sort of public aid.

In these figures, the numbers receiving insurance benefit can be taken broadly as indicating the extent of temporary, as contrasted with persistent, unemployment, and the numbers receiving unemployment assistance as indicating the prevalence of prolonged, or even chronic, unemployment. Some further light is thrown on the relative size of these two groups by the figures which show, for all applicants for insurance benefit or unemployment assistance (but not for those who have lost their claim to either of these payments), the duration of the spells of unemployment to which they have been subject. The figures in the table on p. 231 show how long the claimants have been continuously unemployed.

These statistics cannot, however, be taken entirely at their face value. A worker who is recorded as having been out of work for only a few weeks may in fact have had only a week or two's work, preceded by a long previous spell of unemployment. Or he may have been working continuously on short time for years past. It is therefore quite illegitimate to conclude from the figures that the extent of

TABLE XXXIV
UNEMPLOYED WORKERS
RECEIVING DIFFERENT FORMS
OF PUBLIC AID, JUNE 1936

Region	Numbers of Payments made in thousands			Numbers of Workers in thousands		
	Insurance Benefit		Means Test	Total No. of Registered Unemployed		
S.-Eastern (inc. London)	121	..	39	..	226	
S.-Western	38	..	20	..	80	
Midlands	122	..	56	..	178	
N.-Eastern	138	..	153	..	400	
N.-Western	151	..	134	..	365	
Scotland	76	..	101	..	254	
Wales	61	..	100	..	199	

In addition, a considerable number of workers were in receipt of public assistance out of local funds. In January 1936, the number thus receiving outdoor relief on account of unemployment was 330,000. This does not include workers receiving institutional, or indoor, relief.

TABLE XXXV

**THE DURATION OF CONTINUOUS
UNEMPLOYMENT**

Periods for which unemployed workers had been continuously
without work in July 1936

	Nos. in thousands		Per cent of total	
Less than 6 weeks	..	638	..	45·2
6 weeks—3 months	..	149	..	10·7
3 months—6 months	..	131	..	9·3
6 months—9 months	..	89	..	6·3
9 months to 1 year	..	65	..	4·6
Over 1 year	..	337	..	23·9
Total		<hr/> 1,409 <hr/>		<hr/> 100 <hr/>

This table refers only to workers aged from 16 to 64 who were applying for benefits or allowances. It thus excludes those who had lost their claim to help except through the Public Assistance Committees.

chronic unemployment is adequately measured by the numbers who have been out of work continuously (apart from occasional days of work, which are not counted) for a year or more.

Even if chronic unemployment could be adequately measured in this way, the situation would be serious enough; for the figures show that nearly a quarter of the unemployed have been out of work continuously for more than a year—many of them for years on end. The so-called “hard core” of unemployment certainly accounts for more than a quarter of the total; and the workers who form this permanently workless group consist mainly either of older workers or of others who are at the very margin of employability, or of workers in depressed areas in which almost no jobs are available. These last constitute the principal justification for an active policy of industrial development in the depressed areas; whereas the workers near the margin of employability ought to be dealt with rather by some system of retiring pensions at, say, 60 years of age, which would make it possible for them to withdraw from competition in the labour market on honourable terms.

It is not surprising to find that there is a marked contrast between different parts of the country in the proportion of unemployed workers receiving unemployment benefit and unemployment assistance. The figures on p. 230 refer to numbers of payments made, and not to numbers of workers receiving them, so that, especially under the heading of insurance benefits, a worker in part-time or intermittent employment may appear more than once. There is, nevertheless, a striking contrast. In the South-Eastern area, including London, insurance payments outnumber “allowances” under the Means Test by three to one, and in the Midlands by more than two to one, whereas in the North-East, Scotland and Wales, payments under the Means Test largely exceed those under the insurance system. In the North-West the prevalence of organised short time causes the number of insurance payments to exceed those under

the Means Test, despite the chronic character of the under-employment in the cotton trades.

Unemployment at the Present Time. It is true that unemployment has fallen substantially from the peak reached in 1932. In the years 1928 and 1929 the unemployed percentage was between 10 and 11. It rose to 16 in 1930, to 21·3 in 1931 and to 22·1 in 1932. Since then it has fallen gradually, to 19·9 in 1933, 16·8 in 1934, 15·5 in 1935, and 12·5 in July 1936. It is thus, in the middle of 1936, not greatly worse than it was before the world slump began. Moreover, the estimated number of workers in *employment* is now over half a million above the level of 1929, though its advance has not kept pace with the increase in the numbers seeking work. Great Britain has in fact made a substantial recovery from the conditions which existed at the bottom of the depression; but this recovery has hardly touched the "hard core" of unemployment in the depressed areas and among the older workers.

§ 6. EMPLOYMENT IN THE FUTURE

IF WE NOW CONSIDER what the future trend of employment is likely to be, we have to reckon with certain known factors and with others that are either unknown or dependent on the policy which Great Britain decides to pursue. Among the factors known within a narrow margin of error is the number of young persons likely to become applicants for employment during the next ten years, in the absence of further changes in the school-leaving age. This figure will, of course, be affected by the extent to which exemptions from school-attendance up to 15 are granted by the local education authorities under the Act of 1936. If the leaving age had been left at 14, the annual number of new entrants to the labour market might have been expected to fall gradually from about 382,000 in 1936 to about 315,000 in 1945, and the total supply of juvenile labour under 18 to

decrease from about 2,266,000 to 1,861,000 in the same period. If half the new entrants are retained at school for a further year, the figures of total juvenile labour supply will be roughly 2,075,000 for 1936 and 1,703,000 for 1945. The raising of the school-leaving age without exemptions would reduce the supply in 1945 to 1,546,000, and its raising to 16 would reduce it to 1,092,000, or by more than half as compared with the actual supply of juvenile labour at present. Clearly, even if only one-half of the places vacated by juvenile workers were filled by adults, the raising of the school-leaving age to 16 would reduce total unemployment to a very substantial extent.

At the other end of the scale are the ageing workers. In 1931 there were in Great Britain 838,000 occupied persons of more than 65 years of age. Since then the total number of persons over 65 has grown by about 324,000, and the number of occupied presumably by about 80,000. This gives well over 900,000 occupied persons aged over 65. If these aged workers were replaced by younger workers, unemployment would fall at once by more than one-half.

Of course, it is not contended that the matter is really quite so simple as these figures suggest. It is, however, clear that if simultaneously Great Britain effectively raised the school-leaving age and pensioned off a large proportion of the older workers now seeking jobs, the unemployment problem would be reduced within far smaller, and comparatively manageable, dimensions. Even apart from any expansion in the total volume of employment, the unemployment problem could be largely solved by these two reforms alone, though, of course, they would have to be accompanied by a considerable readjustment between occupations and areas of the remaining supply of labour.

Under our existing Government, neither of these reforms is the least likely to be adopted. Suppose that neither is adopted, and that the supply of labour is left to be reduced by the gradual fall in total population, or by an increase on account of changing age-composition in the proportion of "unoccupied" persons. Total population, as we have

seen, is not likely to diminish appreciably for another decade. Age-composition is likely to alter, but not, on any reasonable estimate, so as to change greatly the proportion of population of working age, in the absence of legislative changes affecting the age of beginning and ending work. The reason is that the falling off in the proportion of children under 15 in the total seems likely, for the next ten years at any rate, to be approximately offset by the rise in the proportion of old people beyond the ordinary working age. On the basis of Dr. Charles's alternative estimates of the future course of population in England and Wales, total population will be between 40,828,000 and 40,655,000 in 1940, and between 40,876,000 and 40,392,000 in 1945, as compared with an actual total of 40,563,000 in 1935. But population aged between 15 and 60, which was about 64·3 per cent of the total in 1935, is not likely to be less than 65½ per cent or more than 66 per cent in 1940, or less than 65½ per cent or more than 67 per cent in 1945. Thus, over the next ten years, in the absence of legislative changes, the numbers seeking employment are more likely to rise than to fall; and no relief in the burden of unemployment is to be looked for from this source.

These estimates strengthen the case for action either to expand the volume of employment or to reduce the numbers in search of it, or rather to do both things together. But, until we abolish unemployment in its present form, and especially in its worst form of chronic unemployment, we have at least a duty to ensure that the unemployed shall be treated as human beings who are the victims of social disorder, and not as either criminals to be punished or "social nuisances" to be barely kept alive at the lowest possible cost. From the standpoint of national production and prosperity our present handling of the unemployment problem is grossly stupid; from the standpoint of common humanity it is detestable. For it is a plain fact, as we hope this chapter has shown, that for a large section of the unemployed, especially in the depressed areas and industries and among the older workers, the existing conditions involve

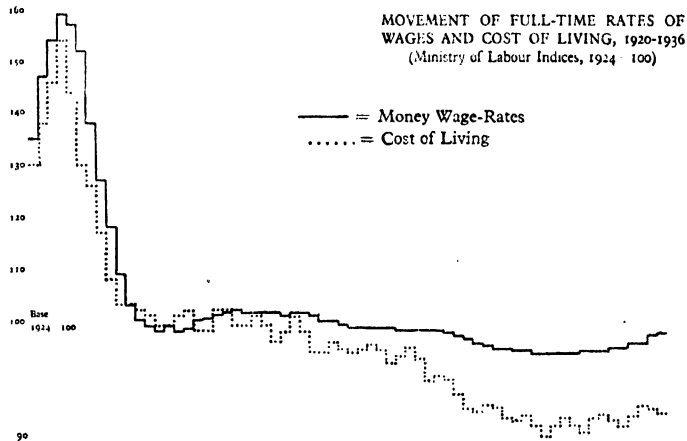
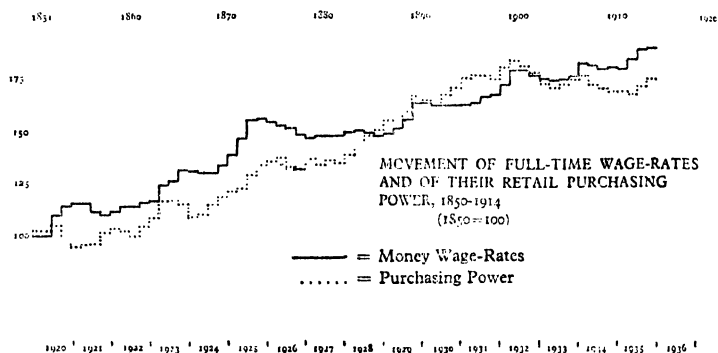
not only continuous mental suffering and deterioration, but also bodily privation by which the coming generation is bound to be gravely damaged in both stamina and physique. It may be "cheap" in the short run to keep the unemployed on a low diet. It may diminish the immediate risks of social revolution or radical uprising. But in the long run it is not cheap, or good insurance. For in the long run misery is apt to take its bloody revenge.

CHAPTER V: STANDARDS OF LIFE

1. The Course of Wages and Prices
2. Wage-rates by Industries and Groups
3. Wages and Earnings
4. Standards of Subsistence
5. The National Food Supply: its Amount and Cost
6. Food Prices and Economic Policy

§ 1. THE COURSE OF WAGES AND PRICES

WE HAVE SEEN in an earlier chapter that during the second half of the nineteenth century the real as well as the nominal wages of the employed workers were moving almost continuously upwards. Between 1850 and 1900 both money wages and their purchasing power rose by over three-quarters. It is true that the gains were most pronounced in the case of the more skilled and highly organised workers, and that a festering mass of poverty was left in the slums, almost untouched by the increase in national wealth and income. Nevertheless, the majority of the workers were, in terms of goods and services enjoyed, a great deal better off than their parents and grandparents had been in the earlier days of the factory system and the enclosure of the countryside. Great Britain as a country was growing rapidly wealthier, partly as a result of British mechanical progress and the accumulation of British-owned investments abroad, but also largely as a result of improvements in agriculture and transport, which had helped to cheapen many articles of common consumption over the whole world.



The Real Cost of Living. In face of this rapid outpouring of wealth, the prices of commodities were almost no higher in 1914 than they had been in 1850, though the real cost of living was greater because of the growth of towns and of new ways of living, which had brought with them many new forms of necessary expense. In 1914 families simply could not have lived on the incomes of 1850 without a severe fall in their real standards of well-being. New habits create new needs; and over a longish period a rise in the purchasing power of wages over goods by no means connotes an equal improvement in the standard of living. A substantial improvement, however, had undoubtedly occurred; the standards of living, except for the outcasts of society, had altered for the better, so that the conception of common necessities had come to include a fair number of goods and services that would have been counted as luxuries—for the poor—two generations earlier. But the “necessary costs” of living had increased for all sections of the people—for those higher up the scale as well as for the very poor.

But, as we have seen, and as the graph on p. 238 makes plain, the entire improvement in “real wages” had occurred before 1900; and between 1900 and 1914 the purchasing power of wages had gone definitely back. All the turbulent strike movements of the years just before the war had not availed to do more than cause real wages again to take an upward turn: they had not regained the losses incurred between 1900 and 1910. Yet certainly, at this period fully as much as before, needs were increasing as the towns grew larger and the “oncosts” of living more. Moreover, the technical efficiency of production was rising as fast as ever.

Liberal Legislation. The Liberal Government, between 1906 and 1914, did a little to supplement the earnings of the poor out of the product of taxation, and a very little to raise wages in a few of the worst of the sweated trades. Its most important measure was the Old Age

Pensions Act of 1908, which accorded to the aged the pittance of 5s. a week at 70, subject to a means test. Meagre as this provision was, it did bring succour of a sort to a very large body of the most wretchedly situated of the people; and probably, in relation to the money spent, it added more to the sum of human happiness than any other Act that has ever been passed.

In addition to this, the Liberals introduced health insurance, experimented with unemployment insurance in a few selected trades, and very hesitantly applied the legal minimum wage to a few sweated occupations under the Trade Boards Act. But, apart from old age pensions, these measures cost the State but little; for both health and unemployment insurance were financed mainly out of contributions from workers and employers, while the Trade Boards Act was a charge on the employer and not on the State. A considerable fraction of the cost of the new services had thus to be met directly by the workers; and it was also a moot point how far the employers' contributions under the two social insurance schemes would also fall upon wages, because they would decrease the marginal value of employing labour. The Liberal measures of 1906-14 did indeed raise the cost of the "civil services,"¹ as distinct from armaments, by £24 millions between 1906 and 1914; but this was but a very small contribution towards redressing the balance of incomes between rich and poor.

War and Post-War. The position, then, was that in 1914 the wage-earners, and the poorer sections of the people generally, were worse off in terms of real income than they had been at the beginning of the century. Then came the war, accompanied by a very rapid rise in the levels of prices. At the peak in 1920 the cost of living was nearly three times as high as in 1914. During most of this period of inflation, money rates of wages lagged behind rising prices; but in the boom of 1919-20, money wage-rates caught up. In November 1920 the cost of living was 176 per cent above

¹ See p. 320.

that of 1914, and money wage-rates had increased to about the same extent. Hours of labour had fallen in a number of trades; and after the war the standard working week was 48 or 47 hours in most organised industries, as compared with 51-54 in most of the better organised industries before 1914, and much longer hours in certain industries such as iron and steel.

While the war and the post-war boom lasted, actual earnings in many occupations tended to soar above the nominal rates of wages, on account both of favourable piece-work prices and special bonuses and allowances, and of the prevalence of overtime work. Moreover, during the war working-class incomes were supplemented by separation allowances, and after the armistice there was a temporary flow of war gratuities and unemployment donations to ex-service workers. But as soon as the post-war depression set in, bonuses and allowances were rapidly cancelled, and, apart from changes in wage-rates, earnings fell because of lower piece-work balances and the replacement of overtime by short time or intermittent employment. The sharp fall in prices from 1921 partly compensated for these factors; and according to Sir Walter Layton's estimates real wage-rates reached their highest point in purchasing power, for full-time work, late in 1921. But thereafter the purchasing power of full-time wages began to fall on account of widespread wage-reductions; and of course the real value of average earnings fell even more. Real wages for full-time employment touched bottom in 1923, by which time money wage-rates had fallen from the peak point by at least one-third.

1923-1936. Ever since 1923, as the diagram on p. 246 shows, the movements of money wage-rates have been relatively small over industry as a whole—that is, if the entire body of wage-earners in full employment is treated as a single unit. There was a slight rise in 1924, when the occupation of the Ruhr had created favourable conditions for the British miners, and there was in general an upward

movement of economic activity throughout the world. With the mining struggle and the General Strike of 1926 came a new set-back, and money rates of wages were falling steadily through the relatively prosperous years which preceded the world slump. They fell away more sharply after 1930, and continued to fall even in 1933, when there were already signs of an improvement in the world economic situation. Only in 1934 did money wage-rates begin again to rise slowly, chiefly on account of the partial or complete restoration of the special wage-cuts which had been made under cover of the crisis of 1931.

While, however, money rates of wages were falling over most of the period between 1925 and 1935, the cost of living, as measured by the official index, was falling a good deal faster; so that a workman in steady employment, or a pensioner or *rentier* living on a small fixed income, was finding his economic situation improved. Between the second quarter of 1927 and the second quarter of 1936 average retail prices fell by 12 per cent and average wage-rates by 3 per cent. and even if it is contended that the official index number takes inadequate account of the increased costs of rent and travelling, the appreciation in the purchasing power of the average full-time wage remains an undoubted fact.

This appreciation is, of course, precarious, even for those who have benefited by it; for it has depended largely on the very low prices at which many essential primary food-stuffs have been purchasable in the world market, and on the improved terms of exchange between such goods and the majority of British manufactures. Great Britain has been able to buy large quantities of dirt-cheap imports; and, although the fall in wholesale prices has been by no means completely passed on to the cost of living—for, while the cost of living fell by 12 per cent, wholesale prices fell by over a quarter between 1927 and 1936—some part of the benefit has accrued to the British consumers.

§ 2. WAGE-RATES BY INDUSTRIES AND GROUPS

WHEN, however, instead of thinking in terms of averages, we proceed to break up the British industrial working class into its component groups, a very different situation appears. For we have now to consider separately, first, the varying fortunes of the workers in different industries and occupations, and secondly, the still more varying fortunes of the fully employed, the intermittently employed, and the out-of-works. It shall not profit a man or woman that the purchasing power of full-time wages has appreciated, if in fact they cannot get these wages; and that has been of late years the lot of a great many.

Nor shall it comfort the miner or the cotton operative that the effect of averaging their wages with those of the printers of London newspapers or of motor-mechanics is to show that wages have increased; for wages, in Bacon's phrase, are "like muck, not good unless it be well spread."

Occupational Wage-Rates since 1920. Let us look, then, at this stage, at the relative movements of wage-rates in certain of the most important occupations since the peak in 1920. The figures here given were compiled by Mr. Ramsbottom, of the Ministry of Labour, and published in the *Journal of the Royal Statistical Society* in 1935. They are, we think, sufficiently startling, especially as they relate to full-time rates of wages and not to actual earnings, which would probably show in certain cases a still more remarkable disparity.

In the course of these fourteen years, the full-time wage-rates of miners and iron and steel workers fell by 58 per cent and $57\frac{1}{2}$ per cent, those of the two principal bodies of textile operatives by nearly 50 per cent, and those of seamen, and of workers on public contracts, by over 40 per cent. On a general weighted average—that is weighted by the approximate numbers in each occupation—wage-rates

TABLE XXXVI

WAGES RATES, 1920-1934

In the following table, the figures show comparative full-time wages in December 1920, 1924, and 1934. (The average of 1924=100).

	1920	1924	1934	Average weekly earnings 1931		
				Males	Females	Total
Laundries	108	100	100	46/6	25/-	28/10
Printing and Paper ..	120	100	101	70/11	28/-	57/9
Tramways	124	101	102	—	—	65/6*
Food, Drink & Tobacco	124	101	99	56/6	28/8	43/7
Tailoring	131	100	104	—	—	32/-
Road Transport (Goods)	124	100	96	52/1	—	—
Boots and Shoes ..	113	100	93	52/10	31/3	43/11
Gas Supply	140	100	102	62/11	—	62/3
Railways	130	100	95	63/9	27/8	62/8
Docks	134	100	96	(12/3 per day)		
Electricity Supply ..	141	101	101	64/1	—	63/10
Chemical Trades ..	143	102	100	59/2	27/-	52/1
Municipal Non-Trading Services	144	102	99	66/10	—	51/11
Furnishing Trades ..	136	101	92	51/6	28/7	45/7
Pottery	136	102	93	56/2	—	35/1
Vehicle Building ..	144	102	97	—	—	—
Engineering	152	100	101	51/8	27/7	49/1
Agriculture	164	100	107	31/4	—	—
Hosiery	133	105	85	58/4	30/2	36/4
Building	148	103	92	—	—	56/3
Shipbuilding	175	106	108	51/9	—	51/6
Shipping	151	104	86	(185/- per month)		
Public Works Contracting	161	100	92	—	—	—
Cotton Trades ..	162	100	86	45/3	27/3	34/6
Woollen and Worsted	162	100	82	49/4	27/7	36/10
Coal Mining	198	100	84	—	—	45/11†
Iron and Steel ..	217	102	91	54/10	26/-‡	54/8
WEIGHTED AVERAGE (including other trades)	155	101	94½	—	—	—

* Including buses.

† On basis of five shifts. For four shifts rate is 36/9.

‡ Sheet metal workers.

fell by nearly 40 per cent. But for laundries the fall was only 7 per cent, for printing only 16 per cent, and for the leading public utility services between 18 per cent and 31 per cent. The occupations with relatively small percentage reductions in wage-rates were all consumers' trades or services; whereas the basic industries all suffered very large reductions. Nor must it be forgotten that the trades with the smaller reductions were also as a rule much more continuously employed.

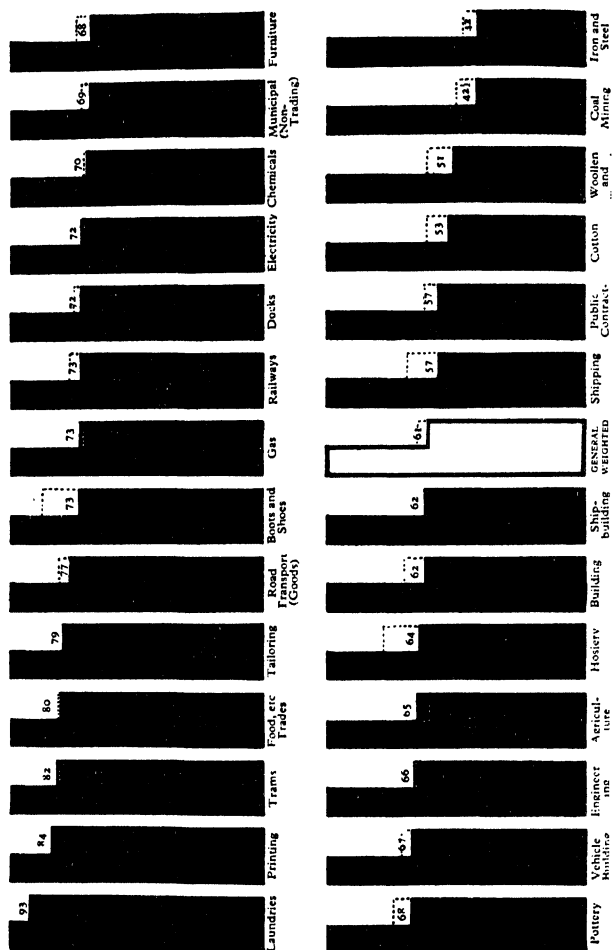
It needs to be made clear that trades with low percentages of wage-reduction since 1920 are by no means in all instances well-paid trades. The laundry workers, though they have undergone the smallest reductions among the groups mentioned, have (or had in 1931), the lowest average earnings of all. Tailoring and the food trades are other groups which suffered relatively small reductions, but have very low average earnings.

Women workers being almost always paid much lower wages than men, even where they work side by side, the average earnings in different occupations are greatly affected by the amounts of female labour they employ. We have therefore set out the average earnings separately for the two sexes, wherever the separate figures are available. These further figures bear out the point that a low percentage of wage-reductions in recent years may often go with very low earnings.

Decline in the Skilled Trades. What emerges most clearly in the table showing earnings in different occupations is the tremendous fall that has taken place in the relative position of certain highly skilled and once highly paid trades. The coal-miners, even if they are reckoned as getting five days' work a week, which most of them do not, come out almost at the very bottom of the table of male workers, with only the equally depressed cotton operatives and the agricultural labourers below them. Engineering and shipbuilding have also fallen from their high estate; and the occupations near the top of the table in respect of average earnings are again

THE MOVEMENT OF FULL-TIME RATES OF WAGES, 1920-34

The taller column represents wage-rates in 1920, as 100; the second column shows the percentage which wage-rates in December 1934 were of wage-rates in December 1920. The figures represent full-time weekly wage-rates, and not earnings. The dotted lines show wage-rates in December, 1924.



WEEKLY EARNINGS IN
CERTAIN INDUSTRIES
IN GREAT BRITAIN
IN 1931

	20/-	40/-	60/-
TRAMS AND BUSES			65/6
ELECTRICITY SUPPLY			63/10
RAILWAYS (Operative Staffs)			62/8
GAS SUPPLY			62/3
PRINTING AND PAPER			57/9
BUILDING			56/3
IRON AND STEEL			54/8
CHEMICALS			52/1
ROAD TRANSPORT (Goods)			52/1
MUNICIPAL SERVICE (Non-Traffic)			51/11
SHIPBUILDING			51/6
ENGINEERING			49/1
COAL MINING (for 5 Shifts)			45/11
FURNITURE			45/7
BOOTS AND SHOES			43/11
FOOD, DRINK AND TOBACCO			43/7
WOOLLENS			36/10
HOSIERY			36/4
POTTERY			35/1
COTTON			34/6
TAILORING			32/-
LAUNDRIES			28/10

ALL
WORKERS

PRINTING AND PAPER			31/3
MUNICIPAL SERVICE (Non-Traffic)			30/2
TRAMS AND BUSES			28/8
ELECTRICITY SUPPLY			28/7
RAILWAYS (Operative)			28/-
GAS SUPPLY			27/8
CHEMICALS			27/7
HOSIERY			27/7
FOOD, DRINK AND TOBACCO			27/3
BUILDING			27/3
POTTERY			26/-
IRON AND STEEL			25/-
BOOTS AND SHOES			25/10
ROAD TRANSPORT (Goods)			52/1
SHIPBUILDING			51/9
ENGINEERING			51/8
FURNISHING			51/6
WOOLLENS			49/4
LAUNDRIES			46/6
COAL MINING (for 5 Shifts)			45/11
COTTON			45/3
AGRICULTURE			36/9

FEMALE
WORKERSMALE
WORKERS

either consumers' trades, such as printing or boots and shoes, or services.

These tables do not, of course, represent the whole of industry, or of wage-earning. They are selected chiefly because the materials for comparison are available, and because they represent large groups of workers.

Low Wages and Employment. In view of the assertion, so often made, that the best remedy for unemployment is to reduce wages, because the very existence of unemployment is a sign that the price asked for labour is too high, it is interesting to compare the wage-history of some of these groups with their employment-history. The industries which show the smallest wage-reductions are all expanding industries, with relatively low percentages out of work. The only exception is the case of trams, which are being displaced by buses. At the other end of the scale, all the industries with the biggest wage-reductions have considerably contracted their volume of employment, and, after greatly reducing their numbers of insured workers, have still high percentages out of work. Coal-mining, while cutting wages by well over half, reduced its insured personnel by over 45 per cent and still had nearly a third of the remainder out of work. Cotton, while cutting wages by nearly half, lost over 20 per cent of its insured workers, and still had nearly a quarter out of work, and many more only intermittently employed.

We do not maintain at this point that, in any given case, the higher the wages the greater the volume of employment. But what has happened does, we think, show the absurdity of the notion that high wages have been an important cause of unemployment. The depressed condition of the basic industries has been due to quite other causes, rooted in world economic change. Low wages have been a result of depression; they are not in the slightest degree a cure for it.

Wage-Rates at the Present Time. Let us try to see what, in the principal industries, men and women in regular

employment can hope to earn at the present day. Wages are higher in London than elsewhere, in correspondence with the higher cost of living; and we shall get a better idea of the general situation if we take the position in the leading provincial towns. In the accompanying tables we have been compelled to use the figures relating to 1933, as no later figures are available for a sufficient number of trades; but the changes since 1933 have been small, and do not affect the general picture which we are seeking to present. The London rates have been given for purposes of comparison, together with the rates paid in Birmingham, Manchester and Glasgow, and a further rate indicating broadly the range of difference between the bigger cities and the smaller industrial centres. It will be seen that, in the larger provincial cities, the weekly rates for highly skilled work range from well under £3 a week to just under £3 15s., while in the smaller towns (apart from rural and non-industrial areas) highly skilled men get from 54s. to 68s. a week. For labourers attached to a definite trade the corresponding rates range from 40s. to 57s. in the larger cities and from 39s. 6d. to 52s. in the smaller industrial areas. These figures do not include coal-miners, whose earnings average about 9s. to 9s. 6d. a shift, or, for full-time work on a five-day basis, 45s. to 47s. 6d. a week over the country as a whole, including skilled and less skilled workers together.

If we consider the position of the workers in trades regulated by Trade Boards, we find the position apparently worse. Men over 21 get Trade Board rates ranging from 37s. 6d. in the jute industry to 61s. 6d. in the tobacco trade; but the predominant range of wage-rates is from 44s. to 54s. a week. Women's rates, for workers over 18, are for the most part between 24s. and 28s. In agriculture the predominant rates are from 28s. to 32s. 6d. for men, and round about £1 for women workers.

If we exclude the worst paid types of occupation, we may say that the most common rates of wages for full-time work are for skilled men in the larger towns £3 to £3 10s. a

TABLE XXXVII

SOME TYPICAL WAGE RATES IN DECEMBER 1933

All these rates are for a full week's work. Hourly rates have been converted on the assumption that no time is lost. They are mostly Trade Union rates, and do not include lower rates paid in country districts or unorganised areas.

Occupation	London	Birmingham	Manchester	Glasgow	Other industrial towns down to—
Skilled compositor (book)	89/-	74/6	77/6	77/6	65/6
" bookbinder	89/-	74/6	77/6	77/6	65/6
" engine driver	75/- : 93/-	72/- : 90/-	72/- : 90/-	72/- : 90/-	72/- : 90/-
" tram driver	64/- : 73/-	57/6 : 64/6	55/6 : 61/6	54/- : 62/-	52/6 : 55/6
" lorry driver	68/- : 72/-	70/- (Bristol)	67/- (Liverpool)	—	54/-
" engineer	62/11	58/-	58/-	58/1	54/-
" shipwright	66/6	—	—	60/-	60/-
" flour miller	73/-	73/-	73/-	—	68/-
" baker	60/- : 76/-	58/8 : 68/8	58/- : 63/-	75/- : 77/-	55/-
" builder*	69/8	64/2	64/2	66/-	58/8
" cabinet maker*	69/8	62/4	64/2	67/10	—
" electrician†	81/1	69/1	69/1	70/6	59/9
" vehicle builder†	68/6	66/7	66/7	66/7 : 72/6	62/8
Labourer, engineering	45/3	42/-	40/- : 42/-	42/4	39/6
" shipyard	51/6	—	44/-	41/-	40/-
" building*	52/5	48/7	48/7	49/10	40/4
" municipal	56/11	50/7	49/4	52/3	48/3
" flour-milling	57/-	57/-	57/-	—	52/-

* Converted from hourly rates at 44 hours.

† Converted from hourly rates at 47 hours.

TABLE XXXVIII
SOME TRADE BOARD AND OTHER
MINIMUM RATES IN DECEMBER
1933

Hourly rates converted on the basis of a full working
 week, usually 48 hours

TRADE BOARD RATES	Men over 21	Women over 18
Tailoring (England and Wales)	44/-	28/-
Dressmaking (England and Wales)	48/-	25/-
Jute	37/6	24/-
Laundries	54/-	28/-
Tobacco	61/6	38/6 (at 21)
Chairmaking	52/-	21/2½
Hollow-ware	43/6	25/-
Sugar Confectionery	48/- (at 24)	27/-
Tin-box making	52/-	29/-

AGRICULTURAL WAGES BOARD RATES

Norfolk	30/-	20/-
Suffolk	28/-	20/- (at 21)
Lincoln (Lindsey and Kesteven)	30/-	22/-
Gloucester	28/6	19/-
Kent	32/6	22/-
Yorkshire, West Riding	32/9	17/5
Merioneth and Montgomery	27/-	22/6
Durham	29/-	2/6 per day

AGREED TRADE UNION MINIMUM RATES

Boots and Shoes	48/6	23/-
Dock Labourers (smaller ports)	10/2 per day	—
Railway Porters (rural areas)	40/-	—

week, and for the less skilled workers rather over £2 to £2 10s. For women manual workers of experience, 27s. or 28s. is reckoned a good wage. Coal-miners, in the face of the recent fall in earnings, are far worse off than the great majority of skilled workers; and certain consumers' industries, notably printers, fare a good deal better. Agricultural workers, despite the Agricultural Wages Board, are still a good deal worse off in terms of wages even than the majority of workers in the depressed basic industries.

§ 3. WAGES AND EARNINGS

IN AN EARLIER CHAPTER it has been made clear that families with an income of less than 10s. a week per head are bound in most cases to fall seriously short of adequate nutrition in practically every respect, and that families with less than 15s. a head, even if they secure barely adequate allowances of food in a purely quantitative sense, fall short in most cases both of the proper amounts of animal proteins and, still more, of vitamins and mineral salts which are essential to thorough health. Of course, the extent to which a particular family falls short in these respects depends not only on the amount of its wage, but also on the number of dependants who need to be supported. But it is clear that a wage of 50s. or 60s, in families where there is only one earner with several dependent children to support, is quite inadequate, however wisely it may be expended, for the maintenance of a satisfactory standard of life. This means that an appreciable proportion of the skilled workers, as well as a much larger proportion of the less skilled, are at present existing at less than a socially tolerable minimum standard of income and health.

Family Earnings. It may be argued that only a minority of working-class families are in the position of having only

one member of the family earning with a number of dependent children to support. But this does not solve the problem. It used to be said that the workman ought to save up in advance for the coming responsibilities of parenthood, and that, even if the typical working-class family had to pass through a period of undue shrinkage of means while the children were below earning age, still when the children began to earn wages of their own and either contributed to the family income or left the parental household and set up establishments of their own, the economic pressure would be appreciably relieved, so that the remaining members of the household would emerge safely above the poverty line, with something to spend on superfluities over and above the bare costs of life. But can the worker be expected to save much, in face of the rising conventional expenses of living? Moreover, even if his position did become easier in the middle age, this would not alter the fact that a large number of children would be doomed to be brought up in households which simply could not afford to provide adequately for their maintenance, so that they would be likely to enter the world with all the handicaps of juvenile under-nourishment and lack of opportunity upon them. But, apart from this, the household which formerly moved into conditions of relative affluence as the children grew up may to-day find itself thrust down into yet direr poverty, because "father" has become unemployable just at the moment when his family responsibilities seemed to be over, and the prospect of a less worried and cheese-paring existence to be opening before him and his much-harassed wife. "Too old at forty" means, in working-class terms, too old at the age when the family responsibilities may be beginning at last to diminish. It denies the workman that compensation for the struggle of earlier years which he used, in middle age, often to enjoy.

A family of man, wife and three children of varying ages below 14 will draw, in the absence of any other resources, 34s. 6d. under the revised scale of the Unemployment Assistance Board. But there are fears, often expressed, that

even this meagre sum may interfere with the incentive to seek employment, because it may be better than, or as good as, the wages that could be earned in a job. It is true that, except in agriculture, 34s. 6d. is well below the rates fixed by Wages Boards for adult men, and still further below the Trade Union rates which prevail in the organised trades, even for the less skilled grades of male workers. But it has to be borne in mind that the rates quoted are for full-time employment, and that many workers who are nominally in possession of a job fail either to earn the full wage in a week, or to earn anything approaching it, week in and week out, over the year as a whole.

On the other side has, of course, to be set the fact that many workers, on piece-work systems, are able to earn appreciably more than the standard weekly rates. In well-organised trades, where time-work and piece-work exist side by side, there is usually a provision that the piece-work rates shall be so fixed as to allow the worker of normal skill and diligence to earn per hour at least 25 per cent more than the time-work rate of wages. This provision is far less often in force where the workers are less strongly organised, and there is no legal sanction behind the payment of overtime rates in excess of the recognised day-rates. But some of the workers in the piece-work trades do carry home at the end of the week sums substantially larger than would be indicated by the movement of the rates for time-work.

This, however, does not help either the day-workers who are on pure time-work rates, or those piece-workers who, because of intermittent employment, are unable to take home at the week's end any more than the regular weekly wage—if even as much. The reverse aspect of the fact that most of the unemployed are not chronically out of work, but fall out of a job, and then after an interval into another and out again, or have, even if they are continually on a single employer's books, to put up with a large amount of intermittent unemployment, is that the reduction of earnings below the full-time level is spread over a very large

section of the working-class population. For one worker who is chronically unemployed, there are many whose annual incomes are seriously reduced by intermittent unemployment.

Short-Time Working. There exists, unfortunately, no means of measuring the full extent of casual or intermittent employment as distinct from complete lack of work. The official unemployment statistics reveal only a fraction of it; for they indicate only those workers whose loss of work is such as to enable them to claim benefits of one sort or another. A man can work four days a week and remain incomeless for the other two—not counting Sundays—without ever appearing at all in the official statistics of unemployment.

Our only statistical evidence about the extent of short-time over industry as a whole is derived from the very meagre particulars collected by the Ministry of Labour in connection with the Earnings and Hours Inquiry of 1931. These figures relate only to the manufacturing industries and to the time lost during a single week in October 1931. There was naturally great variation from trade to trade. In some, such as baking, newspaper printing, and the public utility services, short-time hardly existed; but in others a very high proportion of all the workers employed got less than a full week's work, even though they were at work for part of the week. Thus, in the tobacco trade, half the workers were on short-time, with an average loss of $8\frac{1}{2}$ hours' work and pay in the week. In the tailoring trade, 41 per cent of those employed lost an average of 12 hours, and in engineering 21 per cent lost an average of $10\frac{1}{2}$ hours.

We have set out in tabular form the record of a number of industries in which more than 15 per cent of the workers employed were on short-time during the week under review. This group of 18 trades contains about two and a half million insured workers. But it does not include two of the principal industries in which short time is most prevalent—coal and cotton. The cotton trade is indeed included

TABLE XXXIX
EXTENT OF SHORT TIME
WORKING IN CERTAIN
INDUSTRIES IN OCTOBER 1931

				Proportion of All Employed working Short Time		Average Hours lost during week by those working Short Time
Tobacco	..	..	..	49·3	..	8·5
Tailoring	..	..	..	41·0	..	12·0
Shirt and Blouse Trades	..	..	..	35·7	..	10·4
Bleaching and Dyeing	..	..	..	35·6	..	14·9
Cutlery and Tool Trades	..	..	..	29·3	..	15·4
Pottery	..	..	..	27·1	..	15·5
Boots and Shoes	..	..	..	26·1	..	9·7
Steel Manufacture	..	..	..	24·9	..	15·3
Quarrying	..	..	..	21·4	..	10·3
Non-Ferrous Metal Manufacture	..	..	..	21·4	..	10·7
Engineering	..	..	..	20·9	..	10·5
Woollen and Worsted	..	..	..	20·5	..	11·7
Light Castings	..	..	..	19·7	..	9·6
Dressmaking	..	..	..	19·2	..	11·5
Gold, Jewellery, etc.	..	..	..	19·1	..	13·1
Papermaking	..	..	..	18·4	..	8·2
Silk and Artificial Silk	..	..	..	16·3	..	17·8
Brewing and Bottling	..	..	..	16·3	..	9·2

in the Ministry of Labour's list, and shows only $11\frac{1}{2}$ per cent of those employed suffering an average loss of $16\frac{1}{2}$ hours. But this is altogether misleading; for in the cotton trades many establishments shut down either in alternate weeks or for one week out of three, or employ their workpeople in alternating weekly shifts, so that those who were off work for the entire week under review would not appear at all in the figures of short time. As for the coal industry, the mines were open on the average for only $4\frac{1}{2}$ days a week in the year 1932-33; and, of course, very many miners secured far less work than this. In 1932 the pits were idle on an average, apart from holidays, accidents and trade disputes, for a day and a quarter a week, and in a number of areas the number of days per week on which coal was mined at all was not much over $3\frac{1}{2}$.

All this means that the estimates of working-class wages in terms of the rates of wages alone are apt to be grossly misleading. It is not at all uncommon for a workman in any of a large number of industries to find his earnings curtailed by a quarter, even when he is supposed to be in regular employment. Nor will he be able under such conditions to claim any sort of unemployment benefit or assistance.

The Clark Estimate of Earnings. In considering the bearing of these facts about wages on the real standard of living it is best to begin with the adult male workers, a very high proportion of whom are heads of families with dependants to support. Mr. Colin Clark has estimated broadly that in 1935 the distribution of actual earnings among *adult men*, excluding the unemployed, was as given on p. 258.

For comparison with pre-war standards, it has to be borne in mind that the cost of living index was in 1935 about 43 per cent above the pre-war level, without any account being taken of additional expenses such as the higher average cost of travelling to and from work. The equivalent pre-war figures would thus run from about 25s. to 60s.

These wages, of course, are not distributed with any regard to the number of persons who have to be supported

TABLE XL
EARNINGS OF ADULT MALE
WORKERS IN 1935

35/- or less per week	..	5%
35/- to 45/- „ „	..	18%
45/- to 55/- „ „	..	24%
55/- to 65/- „ „	..	27%
65/- to 75/- „ „	..	21%
75/- to 85/- „ „	..	5%

out of them. Nor does each wage necessarily have to bear the entire burden of supporting a household. We have seen in Chapter I that of all the households in the country about half have only one earning member, about a quarter two earners, about one-eighth three earners, and the remaining eighth four or more. But these estimates of earnings given above include under-employed persons.

In view of the varying relation of earners to families and of men's wages to numbers of dependants, it is not possible to draw any direct conclusions about the extent of poverty from the figures of wage-distribution. But among the 50 per cent of all families—that is, about six million families in Great Britain—which have only one earner there must clearly be a very large number with several dependent children to support; and a high proportion of working-class children must be living in families of this type.

Nor is it at all certain that the households recorded as having more than one earner will be better off. The subsidiary earners will in many cases earn barely more than their own keep; and where they are adults and do earn larger sums it by no means follows that they will agree to throw nearly the whole of their earnings into the family pool. Many of them will in fact contribute no more than the cost of their board; and quite a number, including the

unemployed to whom assistance has been refused or granted only on an inadequate basis, will be a positive liability.

§4. STANDARDS OF SUBSISTENCE

ACCORDING TO PROFESSOR BOWLEY'S "bare subsistence" standard of living, it needed, at 1935 prices, 35s. 2½d. a week to support a family of five, including three children of school age or less. But this figure was arrived at only by paring all expenses down to the absolute minimum. Practically half of the total had to go on food, at about 3s. 4d. a head. For rent and rates 8s. 3d. was allowed; and this leaves only a little over 10s. for all other expenses—clothing, fuel, insurances, miscellaneous household expenses—and nothing at all for any sort of personal expenses, or even for travel to and from work. Doubtless existence can be maintained at such a standard, though not, as we have seen, without the practical certainty of malnutrition; but the existence which it involves is blankly negative. It allows nothing for getting about or doing anything or expending any sort of physical or mental energy beyond what is barely requisite for keeping alive.

Seeböhm Rowntree's well-known "Human Needs Standard" is of a different character. At 1935 prices, it works out at 53s. 2d. a week as against Bowley's 35s. 2½d. The extra 18s. goes most largely into two items—an extra 5s. for clothing, and 8s. for personal expenses of the members of the household, presumably including travelling. The rest of the income is scattered among various items in small amounts. Only 1s. 1d. more is allowed for food, which, at 3s. 7d. a head, still seems much too little, especially when we compare it with the estimates given by Sir John Orr. The families in Orr's *lowest* income group were reckoned as spending on an average 4s. a week per head on food, and his next lowest 6s. a week; and adequacy of nutrition, on his standard, was not secured, in respect of vitamins and mineral salts or of first-class protein, even in the second

group, or completely until his fourth group, spending on an average 10s. a week per head on food alone, was reached.

Below the Poverty Line. Yet, even on the intolerable Bowley standard, an appallingly high proportion of the total working-class population has been found to be below the "poverty line" in recent social surveys. The Percy Ford survey of Southampton in 1931 actually showed more than 20 per cent of all the population of that flourishing seaport living below the "Bowley line"; the Reading survey of 1924 showed 12 per cent, the Merseyside survey of 1929-31 showed 16 per cent, and even the London survey of 1929-1930 over 9 per cent. Yet none of these places is a depressed area.

Unfortunately there have been no corresponding surveys in the depressed areas since the world slump. In the coal-field centre of Stanley, in Durham, a survey of 1924 already revealed 7.2 per cent of the population living below the "Bowley line." Warrington, in the same year, showed nearly 8 per cent; Bolton and Northampton showed only 4-4½ per cent. But these older surveys can no longer be taken as indicating even approximately the extent of dire poverty in large towns and industrial areas.

It must not be supposed, however, that the families which are below the "Bowley line" nearly all owe their misfortunes directly to unemployment. In the London survey, it was estimated that the plight of about half the families below the "Bowley line" could be traced to this cause. In Southampton, on the other hand, a much larger proportion of the prevailing poverty seems to have been due to other causes; and in Reading, in 1924, it was estimated that nearly 8 per cent of all the population would still have been below the "Bowley line" even if their earning members had been continuously employed at their normal rates of earnings. Unemployment since 1929 has undoubtedly drawn hundreds of thousands of additional families below the "Bowley line." But there are plenty of households "below the line" not because of abnormal depression, but

simply because their earning capacity under the present economic system does not avail to raise them above it.

It is not possible to test, for all the surveys mentioned, the effect of substituting for the "Bowley line" the alternative "Rowntree line," based on an appreciably higher standard. This was, however, estimated in the case of the Merseyside survey. The effect of the change of standard was to bring over 31 per cent, instead of 17·3 per cent of all the working-class families in the area below the "poverty line." (In terms of total population the equivalent figures would be about 29 per cent and 16 per cent.) In London the effect, though it was not actually reckoned, would probably be much the same; for in the London area there were nearly 10 per cent of all the families below the "Bowleyline"; and another 25 per cent whose incomes were less than £1 a week above the Bowley minimum. Only 15 per cent of all the London families had as much as £3 a week above the minimum, and only another 17 per cent as much as £2 a week. We may say, generally, that of all the London households about one third were below or near the "Rowntree line," another third not very much above it, and only the remaining third well away from the consequences of primary poverty in a human sense.

Comparison of Various Standards. In a previous chapter, in dealing with the adequacy of nutrition in certain groups of the population, we have compared the Bowley standard with some alternative standards put forward by other authorities or from other sources. In the table on p. 262 we show the results of comparing the Bowley and Rowntree standards, first, with the International Labour Office estimate of the income necessary to give a family in Manchester in 1931 a standard of living more or less equivalent to that of the typical working-class household in Detroit, and secondly with the estimate of civilised needs drawn up in 1935 by the Engineers' Study Group in Economics.

TABLE XLI

THE BOWLEY AND ROWNTREE STANDARDS

At 1935 prices.

Bowley "Bare Subsistence " (for Man Wife and three children)				Rowntree "Human Needs "	Detroit Standard Manchester 1931 prices	Engineers Study Group "desirable" Standard
					*	*
Food	..	..	16/9	17/10	31/11†	38/1
Rent	..	..	8/3	9/4	12/6	21/2
Clothing	..	..	4/1½	9/1½	10/6	10/9
Fuel and Light	..	..	3/1	4/4½	7/6	8/-
Insurance	..	..	1/7	1/7	3/2	5/4½
Household Sundries	..		1/5	2/10½	nil	3/10
Personal Sundries	..		nil	8/0½	nil	nil
Education	..	..	nil	nil	nil	nil
Medical Expenses		..	nil	nil	1/11	‡
Holidays	..	..	nil	nil	nil	3/10
Recreation	..	..	nil	nil	nil	3/10
Subscriptions	..	..	nil	nil	nil	1/11
Drink, Tobacco, Sweets	..		nil	nil	nil	10/9
Newspapers	..	..	nil	nil	nil	/9
Stamps	..	..	nil	nil	nil	} 1/2
Phones, telegrams, wireless licence			nil	nil	nil	
Travel	..	..	nil	nil	nil	3/10
Furniture and repairs	..		nil	nil	nil	4/7
Other expenses not itemised			nil	nil	21/3	nil
<hr/>				<hr/>	<hr/>	<hr/>
35/2½				53/2	87/9	117/10½

* Approximately.

† Including household sundries.

‡ Included with insurance.

The significance of these comparisons lies not only in the absolute incomes prescribed, but also in the distribution of these incomes between different forms of expenditure. In the light of the comparison it becomes immediately evident how much the Bowley, and even the Rowntree, standard has left out. There is nothing, for example, in either of them for furnishing or repairing the home, nothing for medical expenses, or travel, or holidays, or specifically for recreations or amusements, or letter-writing, or drinks or sweets, or newspapers or Trade Union or other contributions. The Rowntree standard does indeed attempt to include many of these things under the heading of personal sundries; but if we leave out the five main items which are common to the Detroit and Rowntree standards, the weekly sum left is under 11s. by the Rowntree reckoning, and over 23s. by that of Detroit. By the Engineers' Study Group standard, which is on a much higher level, it is 34s. 6d. Even if we ignore this higher estimate, it is clear that the Rowntree standard, and to a much greater degree the Bowley standard, altogether underestimate the cost of living in terms of expenses outside the six standard groups. Hardly any household of five persons, having only 35s., or even 53s., a week, would in fact spend anything like the estimated amounts on food; and in all probability the meagre amounts allowed for the other basic items would also be cut, in order to allow something for other expenses no less necessary, in the mind of the individual, to a bearable standard of living.

Actually, when the figures of the Merseyside survey were analysed, it was found that, at the lower levels of income, recorded expenditure was in excess of recorded incomes—indicating either debt, or unrecorded windfalls, or unspecified forms of "charity." Caradog Jones analysed the households covered by the survey into four groups—the very poor with an average income of 33s., the rest below the "Bowley line," with an average of 38s., the rest below the "Rowntree line," with an average of 44s., and those above both poverty lines, with an average of 70s. 6d. He estimated

that the proportion of total income spent on food was approximately the same in all four groups—just over one half; and he then made an estimate of the appropriation of the rest of the incomes, as far as this was spent and not saved. Relative expenditure on rent he found to be highest among the very poor, at 26 per cent of total expenditure, falling to about 20 per cent in each of the higher groups. Fuel and light he put at 11 per cent of income for the two poorer grades, and at 10 per cent and 9 per cent for the two higher. Clothing he put at only 5 per cent for the poorest, rising to 8 per cent for the two middle groups, and falling again to 6 per cent for the group above the “Rowntree line.” This left, for all other living expenses, 7 per cent of income in the poorest group, 10 per cent in the two middle groups, and 15 per cent in the highest. This means an average expenditure on all expenses other than food, rent, fuel, light, and clothing, of only 2s. 1½d. a week per family in the poorest group as against over 10s. 6d. in the group above the “Rowntree line.”

§ 5. THE NATIONAL FOOD SUPPLY: ITS AMOUNT AND COST

THIS ESTIMATE of just over half the total income being spent on food can now be compared with various estimates of the distribution of the aggregate national expenditure between different goods and services. Estimates of this sort have been put forward by A. E. Feavearyear for 1932 and by Colin Clark for various dates. There is not enough difference between their estimates for it to be worth while to quote both; and we shall take Clark's most recent detailed estimate, published in *The People's Year Book* for 1936.

The figures here given are an attempt to estimate how the entire national income is spent, whether the spending is done by individuals or families, or by institutions of any

TABLE XLII

THE NATIONAL EXPENDITURE ESTIMATED

(Clark, 1935)

	£ millions	per cent.
Food	1,054	27·1
Drink	232	6·0
Tobacco	136	3·5
Clothing	400	10·3
Furniture and Hardware	160	4·1
Other retail purchases	164	4·2
Total Retail Trade	2,146	55·4
Rent, Rates, Repairs and Mortgage Interest on Private Houses	363	9·4
Coal	65	1·7
Gas and Electricity	83	2·1
Laundries	25	0·65
Domestic Service	150	3·9
Journeys by Rail, Tram or Bus	158	4·1
Motor Cars and Cycles	40	1·0
Petrol, Garages and Car Insurance	66	1·7
Hotels and Restaurants	78	2·0
Entertainments, Racing, Betting	69	1·8
Clubs, Trade Unions, etc.	20	0·5
Doctors and Dentists	45	1·2
Education, Private Schools	25	0·65
Postages	35	0·9
Newspapers	28	0·7
Religion.. .. .	33	0·9
Fees of Local Authorities	20	0·5
Undertakers	8	0·2
Miscellaneous	20	0·5
Compulsory Expenditure on Public Services	401	10·3
Total excluding Retail Trade	3,878	44·6

sort, up to the Government itself. It is, in effect, an attempt to balance up the entire money income of the nation, as far as it is spent on consumers' goods and services, against the supplies of goods and services which it is used to buy. This collective national budget is therefore not comparable with the family budgets which we have been considering so far, as it includes a large amount of collective expenditure—on the armed forces, on education, on hospitals and other institutions, and so forth. It is nevertheless instructive broadly to compare the distribution of expenditure in the "national budget" as a whole with that contemplated in the Bowley and Rowntree standards.

Under the Bowley standard, the four basic needs—food, houseroom, fuel and light and clothing—together account for well over 90 per cent of total family expenditure. In the Rowntree standard they account for over 76 per cent, and in the higher Detroit standard for about 70 per cent. On the other hand, they make up only just over 50 per cent of the Clark "national budget," or 56 per cent if expenditure on the public services is omitted from the total. It is plain that the recipients of the smaller incomes, even up to a high working-class standard, spend a far larger part of their incomes on the four basic needs than the richer classes. The change, indeed, from the 70–75 per cent proportion must come fairly high up the social scale; for Caradog Jones's study in 1928 of a considerable number of middle-class budgets, from households whose incomes averaged about £430 a year, showed nearly 73 per cent of total income spent on the four basic needs, including, however, in this case domestic service and household requisites.

The National Food Bill. During the past few years, as we have seen, the national food bill has been lowered (or alternatively the standard of consumption has increased) by the cheapness of many primary foodstuffs in the world market. Sir John Orr estimated the national food bill of 1934 at a total retail price of £1,075 millions. In 1931 the

same supply would have cost nearly £1,200 millions, and in 1924 nearly £1,345 millions. Of course the change in wholesale prices has been much greater still. But of late this fall in the principal component of the cost of living has been replaced by an increase which, though it is still small at present, has in it serious possibilities for the future. In the first two quarters of 1933 the cost of living averaged 40 per cent and $36\frac{1}{2}$ per cent above the level of 1914; in the first two quarters of 1936 the index stood at 46.2 per cent and 44.3 per cent above that level. It was in both quarters 4 or 5 points higher than in the previous year. For food alone the change is far more startling. In May-June 1933 retail food prices were only 14 per cent above the pre-war level: in the corresponding months of 1936 they were 26 per cent and 29 per cent above.

Changes in British Food Supply. It is undoubted, on the authority of the actual figures of importation and home production, that the cheapening of food enabled the British people as a whole to improve its standards of consumption despite the world slump, and helped even many of the worse-off sections of the working-class, above the level of the unemployed on relief, to prevent their standards of consumption from sinking even when their earnings were reduced. Sir John Orr, on the authority of the Market Supplies Committee, quotes estimates of the total food supply of Great Britain before the war, during the years immediately before the world depression, and in 1934; and we have made use of these estimates in a previous chapter.

§ 6. FOOD PRICES AND ECONOMIC POLICY

As we have seen earlier, these changes in the national diet have undoubtedly been beneficial. The question is whether they can be sustained in face of the rising trend of prices which is already only too plain. Unless

TABLE XLIII

THE CHANGE IN THE NATIONAL FOOD SUPPLY SINCE 1914

(Average of 1909-1913 = 100)

	1909-13 compared with 1934		1924-28 compared with 1934		Total Supply 1934 Thousands of metric tons
	Increases %	Decreases %	Increases %	Decreases %	
1. CEREALS					
Wheat Flour ..		2	3		4,220
Other Cereals ..		46		12	289
Total Cereals ..		8	3		4,509
2. MEAT					
Beef and Mutton		3	7		1,853
Pig Meat ..	23		9		879
Total Meat (including other)	10		11		3,051
3. EGGS AND FISH					
Eggs	74		44		449
Fish	8		7		915
4. DAIRY PRODUCTS, ETC					
Milk		8		11	4,182
Fresh milk ..		13		12	3,938
Condensed milk	345		102		244
Butter	69		66		542
Cheese	53		18		225
Lard (vegetable) ..	112		58		190
Margarine ..	39			33	166
5. FRUIT					
Apples	130		30		667
Bananas	71			17	256
Other Fruit and Nuts	86		49		1,546
Total Fruit ..	94		32		2,469
6. VEGETABLES					
Potatoes	11		18		4,708
Other Vegetables	72		33		2,120
7. SUGAR AND COCOA					
Sugar	23		12		1,995
Cocoa	100		33		72

wages rise by more than enough to compensate for the rising cost of living, or unless standards of consumption by the unemployed are substantially improved, it is not easy to see how they can be sustained.

The Cause of Rising Prices. We have, then, to enquire to what causes the rising price-trends of the past two years are to be chiefly attributed. There are two powerful causes that can be alleged—one world-wide and the other dependent on British commercial policy. The first of these causes lies in the actual improvement in the economic position of the food-producing countries, which are no longer to the same extent as a few years ago engaged in a furious scramble to sell off their surplus products. The indices of wholesale prices for the leading agricultural countries, even though some of them are affected by currency fluctuations, show clearly the rising tendency of world prices. We give on p. 270 the indices for a few countries for 1933 and 1935, and for the middle of 1936.

Protective Measures and Their Effect. With world prices rising, it was to some extent unavoidable that British prices should rise as well, in view of the dependence of the British market on imported supplies of food. But the rise in British food prices has undoubtedly been stimulated also by the protective measures taken by the Government in the interests of British agricultural producers. In some cases this protection has been given by means of an ordinary tariff on imports—for certain fruits and vegetables, for example. But more often it has taken the form of quantitative regulation of imports, designed to enable the home producers to raise prices to a higher price level, with the object either of increasing production or of preventing a possible decline.

These systems of quantitative regulation, in the forms in which they are actually applied, are for the most part open to strong objection. In view of the very restricted means of the great mass of consumers, anything that raises prices is

TABLE XLIV
WHOLESALE PRICE INDICES,
1933, 1935 and 1936 (summer)

(1929=100)		1933	1935	1936 (June)
United States ..		69	84	83
Canada		70	75	76
Argentina ..		89	101	101
Australia ..		78	81	84
New Zealand ..		88	93	94
Denmark.. ..		83	92	95
Great Britain ..		75	78	81
„ „ (food only)		72	75	76 (April)

bound to check consumption. Such measures may, of course, enable the home producers to market in some cases a larger supply, but only by excluding a quantity of imports greater than the increase in home production. Even where foreign supplies are non-existent or quite small in amount, a similar restrictive policy of price-raising has been followed, in the interests of the home producers. It has been urged in support of this policy that the higher prices will stimulate the home producers to increase supply; but clearly it cannot have this effect without a more than equivalent curtailment of imports if by reason of the higher prices the consumers are driven to restrict their total demand.

Milk. Milk furnishes an outstanding example of the false economy of the policy which is being pursued. It is admitted that the existing supply of milk for liquid consumption is greatly below the need; but in order to keep the price of liquid milk high large quantities of it are diverted to the manufacture of cheese and other products which could be imported on more favourable terms. The milk applied to these uses fetches much lower prices than the

liquid milk, because it has to compete with cheap cheese and butter imported from abroad. But it is used in this uneconomic way for fear of "glutting the market" for liquid milk, the high price of which effectively checks consumption.

So patently absurd has this situation become that special devices have been introduced in order to offset some of its effects. Liquid milk is now supplied at special rates intermediate between the ordinary market rates for such milk and the much lower price of milk used in manufacture. This supply is allowed to schoolchildren under a special scheme, which is however hedged round with countless restrictions, for fear some of the special milk should enter into competition with the regular supply, or the milk retailer have to forgo his profit on the milk supplied at exceptional rates.

There is no doubt at all that many thousands of schoolchildren are getting a supply of milk which they would not otherwise receive; and it may seem ungracious to look a gift-cow in the mouth. But there are many people besides children actually at school who would benefit in health by getting more milk; and the total effect of the high standard price is undoubtedly to discourage consumption far more than it can be encouraged by any system of exceptional sales "under rate." What is needed is cheaper milk for the general body of consumers; and it is quite certain that lower prices would lead to a rapid expansion of demand.

The difficulty here arises not only from the insistence of the farmers on the highest prices they can get, even at the cost of restricting supply, but perhaps more, on the demands of the strongly entrenched milk-distributing interests. Milk prices have remained practically unchanged in recent years, while the price of most other foods has been falling fast. In August 1936 the average retail price of milk was 71 per cent above that of 1914, as against a general rise in retail food prices of 29 per cent.

Medical opinion is now practically unanimous about the desirability of a great increase in the consumption of milk.

A standard that is often advanced is an average supply of one pint per day per person for liquid consumption. But this standard is at present reached only among the richest section of the population, the average consumption being still well under three pints a week. If it were decided to aim for the present at a supply of only four pints, all the milk now diverted to uneconomic manufacture with the aid of a subsidy would be needed for liquid use, and it would be necessary to raise production by about 100 million gallons in addition.

There is, of course, the difficulty that the supply of milk varies with the season, whereas the demand does not. Proposals have been made for encouraging consumption during the summer, which is the time of relative abundance, by specially low prices. But the real need is for larger use of milk all the year round as a regular article of diet. It would be a wrong policy to supply children with plenty of milk for a few months during the year, and then suddenly cut off the supply.

We need, accordingly, to budget for a largely increased output all the year round, still leaving the seasonal surplus to be diverted into manufacture or used on the farms. This policy, however, is quite inconsistent with the maintenance of the existing level of prices, which are kept high by a combination of three causes—the farmers' desire to recoup themselves out of profits on milk for other less remunerative forms of agriculture, the distributors' insistence on a big margin and a monopoly of supply, and the use of a part of the sum paid by the public for liquid milk to subsidise the manufacture of dairy products and other goods by selling them the surplus milk at very low rates.

If we want to reach a tolerable standard of milk consumption, it seems clear that the entire trade ought to be reorganised in the first place from the distributive end. Milk distribution should be placed in the hands of a national non-profit-making corporation, which could also take over the factories manufacturing milk products. This body should be definitely instructed to aim at the lowest possible prices

for liquid milk for the consumers, with a view to increased consumption. It should have full authority to make special arrangements for the supply of cheap milk not only for schoolchildren but for unemployed households, expectant or nursing mothers, or smaller children not at school. It should also stimulate research into possible methods of reducing the seasonal difference of yield; and it should aim at bringing down costs of distribution to the minimum, and at fixing, for example, special prices for milk fetched from the depot by the consumer.

There is, however, a further aspect of the matter which must by no means be ignored. As recently as 1933 the Medical Research Council estimated that about 2,000 children died every year from tuberculosis of bovine origin, and that at least as many new cases of infection from this source were recorded every year—to say nothing of other diseases. These facts point to the need for making every possible attempt to improve the quality as well as the quantity of milk supplied; for without this the development of its use may spread disease as well as health. We need cheap, good milk for all—not good milk for the rich, and milk that may easily be disease-tainted for the poor.

Bacon. Or take the handling of bacon prices as another example of the policy of scarcity which is now being followed to the disadvantage of the British consumers. In 1935 total imports of bacon and ham into Great Britain had fallen by 20 per cent in comparison with the average imports of 1927–29. This fall in imports had been accomplished by means of quantitative restriction, and had resulted in a sharp increase in prices. In 1932 the representative price for bacon was about 10*d.* a lb.; in 1934 it was 1*s.* 1½*d.*, the greater part of the increase having occurred in the case of Danish bacon. The total supply of bacon, home and imported, which had been expanding rapidly up to the introduction of the restriction, was thus checked. The home output of pig-meat, including pork, rose by about 1½ million cwt. between 1932–34; but imports fell

over the same period by 3,300,000 cwt. Here again we seem to be doing our best to slip back two steps in advancing one. We increase the home production of food, but only at the cost of cutting off a much larger volume of imports, and at the same time raising prices at the consumers' expense.

Sugar. In the case of sugar the complaint rests rather with the taxpayer than with the consumer as such. The attempt to stimulate sugar-beet cultivation in Great Britain has cost nearly £50 million during the past ten years, and the sum paid in subsidy has represented about two-thirds of the entire *retail* price of the sugar produced. It would actually have been cheaper to pay the farmers and labourers for *not* producing the beet, and the refiners their profit for *not* making the sugar, and then to buy the sugar we wanted at the world price. Nor is this a case of subsidising an infant industry in order to allow it time to get on its feet. As far as it is possible to look forward, the production of beet-sugar in Great Britain is never likely to be economic. No doubt the subsidy has helped the farmers and labourers in the Eastern counties to get through a difficult time—though too much of it has gone in profits to the manufacturers. But could not £50 millions have been spent in more beneficial and productive ways?

Wheat. As for wheat, the subsidy to the British wheat-growers is paid by the consumers in the price of flour, and therefore adds to the cost of living. But the relatively small proportion which home-grown wheat bears to the total supply prevents the subsidy from having very harmful effects. It cannot stimulate home-wheat production to more than a restricted extent because the tax on the consumers is limited to a fixed sum, and the subsidy per cwt. therefore falls off as the output is increased. This is the least objectionable of the numerous subsidies and restrictions which now surround the consumer on every side; but it could easily become very objectionable indeed if the limitation on the total sum provided for the subsidy were removed.

Other Schemes. Besides these schemes there are numerous others, either in force—for hops and potatoes, for example—or in preparation and subject to vigorous dispute, as in the cases of livestock, eggs, and vegetables. At the back of all these schemes, as they are at present planned and operated, is the notion not of improved service to the consumers, but of higher prices for the producers and the securing of adequately profitable margins to the various groups of middlemen and distributors. In the organisation of the Marketing Schemes the consumer goes unrepresented. The schemes are either to be operated by representatives of the producers alone, or, when the need is recognised for reconciling divergent interests, producers and distributors are to meet and make their joint arrangements for fleecing the public.

The Methods of Capitalism. It is easy to see how such a policy came to be adopted. The only method known to private capitalism of encouraging production is that of raising prices; and it is apt to be forgotten, until the facts provide a reminder, that higher prices in stimulating production will also check consumption, especially among the poor. If Great Britain depended entirely on her own output of foodstuffs, the reminder could hardly fail to be effective. But in a country which is accustomed to import a large part of its supply it is perfectly possible for the home producers to sell more, and at higher prices, even while the home consumers are being compelled to buy less.

This, however, can be achieved only if imports are controlled, either by an easily manipulated tariff or by a system of restrictive quotas, or by both. Of the two, the tariff is on the whole the less objectionable in its present working; for the quota system has the peculiar effect of enabling the purveyor of foreign supplies to charge an exorbitant price for the reduced quantity of goods which he is allowed to send. It fleeces the consumer twice, in respect of both the home and the foreign supply. It is not, however, necessarily favourable to the foreign producers, who would

very likely prefer to supply a larger quantity at a lower price.

Take, for example, the position of the foreign meat-producer. If he is his own exporter and is thus able to secure the advantage of the higher prices which the quota allows to be charged, he does well—as on the whole the Danes have done well out of being compelled to sell us less bacon for more money. On the other hand, if the foreign producers are dependent on a monopolistic importing merchant, the merchant will be able to beat down their prices because of their competition to sell in the restricted market, and will, at the same time, be able himself to charge high prices for the limited supply he is allowed to import. Quotas, as they are now administered, are admirably calculated to keep up the profits of the meat trusts and similar bodies at the expense of home consumers and foreign producers alike.

How to Encourage Home Production. Yet there is a case for expanding the home production of food, especially as we cannot rely on the continuance of cheap imports on an expanding scale. We ought to encourage home production; but we ought to do so with the object of adding to the total supply, and not of curtailing the quantity of imports unless we must. We want in the aggregate more and cheaper food, especially of the kinds most essential to good health; and we cannot have more food unless we can also make it and keep it cheap.

But agricultural labourers are still among the most exploited sections of the community, and farmers never cease telling us of the struggle they are having to keep bankruptcy at bay. In these circumstances, say many people, surely food *ought* to cost more, in order to afford to its producers a better standard of life. There is no way out along these familiar lines of scarcity-mongering. Our problem is both to cheapen food and to give the food producers a reasonable standard of living. But how? Not by organising the existing vested interests of profit-making

producers and profit-making distributors into close conspiracies against the public, but rather by applying to the whole business of producing, preserving and distributing food the same methods of mass-economy as have been found effective in other types of industry. In the first instance, surely we ought to set about this above all by two methods—first by a thorough re-organisation of the entire distribution of the essential foodstuffs, including the auxiliary processes of manufacture, on non-profit-making lines, as a part of the public service, and secondly by a series of large-scale experiments in collective land-utilisation on the lines contemplated in Dr. Addison's Land Utilisation Bill—from which the requisite legal powers were ruthlessly cut out by the House of Lords. Whatever may be done to demonstrate the facts of poverty, and whatever doctors and dieticians may tell us about the incidence of malnutrition, no effective action will be taken towards a remedy as long as private enterprise and private profit are allowed to dominate the food situation. During the past few years diet has improved in some degree owing to the world cheapness of food. But this cheapening was hailed as a dire calamity by every profit-making interest. Mr. Elliot, Mr. Runciman, and the rest of the restorers of Capitalism, are now busy waging war on cheapness, and trying to restore the lost reign of scarcity. Already they are succeeding to a significant extent. Their success may mean, for all the poorer half of the people at least, less milk, less body-building protein, less vitamins and mineral salts—less health and strength for fighting the battle of life. But who cares for such things, if only the rule of profit-making is made safe for another generation of paupers and out-of-works? "The poor ye have with you always"—in the view of Capitalism, are not those seven words worth all the rest of the Bible?

CHAPTER VI: THE EDUCATIONAL SYSTEM

1. The Growth of the English Educational System
2. The Class-System in Education To-day
3. Raising the School Age
4. Effects of the Class-System

§ 1. THE GROWTH OF THE ENGLISH EDUCATIONAL SYSTEM

DESPITE some broadening of the basis of secondary education in recent years, the British educational system taken as a whole remains among the most emphatic expressions of the class-structure of British society. Even its nomenclature is expressive; for we are accustomed to describe as "public schools" precisely those places of higher education over which the "public" exercises no sort of ownership or control; and we also distinguish between those "teachers" who instruct the poor in the rudiments of knowledge and those "schoolmasters" and "schoolmistresses" who take charge of the higher ranges of education. We have even a neat gradation of social precedence among headmasters, between the highly exclusive Headmasters' Conference and the less exclusive Head Masters' Association. The Universities, too, are socially graded into Oxford and Cambridge and "The Rest," though it is not altogether easy to fit the Scottish Universities into this scheme.

Latterly, indeed, these social gradings have become somewhat disturbed—mainly as a result of the growth of State-aided education and of the rapid extension of higher education among women. In the main, however, the new

forces have fitted themselves into the old framework, straining it more or less violently here and there, and suffering, themselves, some distortion in their efforts at adjustment. There has been no attempt consciously to build a new system save by individual efforts on a tiny scale. On the contrary, there has been a determination to make the growing forces work as far as possible within the existing structure of social relationships.

Upper and Lower Class Education. The educational system, as it exists to-day, is scarcely intelligible except in the light of its history. Its foundations rest on two simple principles, both now overbuilt by a vast superstructure, but still plainly discernible in the main ground-plan. These are, first, that a governing class needs a distinctive education of its own, designed to fit it for the tasks and responsibilities of government; and secondly that the practices of modern civilisation, both economic and social, demand a growing amount of humbler literacy and "useful knowledge" in the governed. Two sharply contrasted types of education grew up to meet these two very different needs; and as long as these two types could be kept well asunder the system on the whole retained its purity as an expression of a society sharply divided into contrasting social classes. But in the course of the nineteenth century the class structure itself underwent great changes, and therewith new educational needs emerged. The upper-middle or industrial capitalist and professional classes grew rich and multiplied on the profits of the new productive system: and before long they began to demand for their children an education designed, like that of the older governing class, for "gentlemen" and rulers of society. Under the influence of men like Arnold of Rugby they made after the model of the upper-class foundations new "public schools" that were meant for the children, not of aristocrats in the old sense, but of the new rich and of the new well-to-do. Long before Robert Lowe coined the phrase "We must educate our masters," the process of educating the real masters of British society

was being actively carried on in a growing number of new "public schools" or of older foundations which, having decayed, were now rescued and re-fashioned to meet the needs of the rising middle class.

Women's Schools. Presently the women, after fighting a much stiffer battle against the dolls' house ideal of womanhood, joined in with upper-middle-class schools of their own; and coming later into the field, they were able in certain respects to plan rather better for their needs, though snobbery often did much to spoil their work. Gradually for both girls and boys of the capitalist professional classes there came to be a reasonably adequate supply of expensive boarding schools, together with a smaller number of day schools at a similar social level, all busy educating the young idea to be *bon bourgeois*, in a world which seemed more and more to have been created as a paradise for the upper-middle classes.

The Universities. The Universities—that is, in effect, Oxford and Cambridge, for in England there were no others except the new University College in London, which was only just beginning to be important—soon began to feel the influence of this transformation of the "public school" system. Presently, their exclusive "Church-of-Englandism" had to be given up under the pressure of capitalist Nonconformity; and at a later stage they were compelled, grudgingly, to admit women students, first to the circumference of university life, and after a further struggle, almost, though not yet quite, to its centre. This victory of feminism was greatly aided by the growth, at first slow and hesitant, and then very rapid and assured, of the newer Universities in London and the provinces. These sprang largely out of local colleges, originally founded by the zeal of Nonconformists who saw their co-religionists excluded from the older seats of learning. Grasping at the prospect of extending their influence, they held out hands to the feminists; and the newer type of University,

working on a non-residential basis, could adapt itself far more easily to co-education than Oxford and Cambridge, in which the monastic traditions were still very much alive.

Equipped with "public schools" and Universities to meet their needs, the upper-middle classes went on to complete the superior part of the new educational class structure by the reform and extension of the preparatory school system. The preparatory boarding school, as a distinctive type of institution leading up to the re-modelled "public" school, spread down from the upper to the upper-middle classes, and took shape as a rule as a purely "private venture," started for profit by an individual schoolmaster with ambition or, more rarely, with ideas. The "private school" was, of course, no new thing: what was new was the private preparatory school, conducted for private profit as a John the Baptist to the middle-class "public" school—the latter being usually conducted under some sort of non-profit-making trust. For strangely enough the upper-middle class, though in most things it expressed so fervent a belief in the profit motive, did not apply it to the foundation of the new "public" schools to which its own children went. It created them rather in the image of the old aristocratic foundations, such as Eton and Winchester, and was only prepared to leave the profit motive free scope at the preparatory stage.

Education for the Poor. With preparatory schools and "public" schools and Universities ready in their various grades to serve every section of the governing classes, new and old, the task of adapting English education to the needs of the nineteenth century seemed to be half done. The other half of the task, as it presented itself in the course of the nineteenth century, consisted in working out a distinct and very different educational system to meet, not so much the new needs of the poor, as the new demands which were being made upon them. For a long time there was a fierce contest about what was to be done. In the earlier stages the main struggle was between the sheer reactionaries, who

still maintained that to teach the poor even to read and write was to open the flood-gates to revolution, and those who maintained that even the poor had souls, and that for their salvation they must be taught, as good Protestants, to read the Bible. This incidentally had the effect of opening the new educational system from the first on practically equal terms to boys and girls; for the Protestant ethic admitted the existence of souls in females as well as males.

It was, of course, pointed out in reply to these apostles of soul-saving education that, if the poor once started reading the Bible, it would be very difficult to stop them from reading other things as well; but the Evangelicals, as well as the richer Nonconformists, were convinced that this danger had to be faced. They did their best to counter it by providing a large supply of improving tracts, such as Hannah More's once famous *Shepherd of Salisbury Plain*! Hannah More, familiarly known as the "old bishop in petticoats," was as certain as the veriest reactionary that the poor must be prevented from reading subversive or infidel works; and she and her fellow-labourers, Evangelicals and Nonconformists, poured out "Cheap Repository Tracts," and founded such bodies as the Religious Tract Society and the Society for the Promotion of Christian Knowledge. This party was able gradually to rout its antagonists; but probably neither side realised how greatly the issue which they fought out mainly in religious terms was, in fact, affected by the growing need of a complex economic society for literate citizens who could read instructions and be credited with a knowledge of the rapidly growing mass of laws and regulations which they were called upon to obey.

At the second stage, the contest transferred itself more openly to this utilitarian plane. Brougham and Birkbeck and many others stressed the importance of diffusing, at any rate among the skilled artisans, the rudiments of the new scientific knowledge which was the basis of industrial progress. They founded societies such as the Society for the Diffusion of Useful Knowledge—sometimes known as the "Steam Intellect Society"—for publishing cheap books,

pamphlets, periodicals and encyclopædias, packed tight with useful information. It was hoped that the workmen who studied *The Mechanic's Magazine* or Knight's *Penny Magazine*, or the *Penny Encyclopædia* of the Society for the Diffusion of Useful Knowledge would realise the inutility and fallaciousness of Radical and Socialist reasoning. These instructive utilitarians created Mechanics' Institutes for giving useful lectures to the industrious artisans, and also night schools for teaching reading, writing, and arithmetic as well as more ambitious technical subjects. At the same time they and many of the capitalist employers began to cry out that the children of the poor must be sent to school because lack of the rudiments of education was a social and economic nuisance.

The Monitorial System. These apostles reinforced their arguments by proclaiming that everything that they wanted could be done with the sovereign virtue of cheapness. Just as mechanisation was working miracles in producing cotton goods by the million yards, so could sufficiently educated children of the poor be turned out in millions by the application of suitable methods of mass instruction. Bell and Lancaster, with their variant expositions of the "monitorial system," had solved to the satisfaction of the early nineteenth century the problem of bringing the education of the poor within the straitened means of the rich man's charity, or at least of a State committed to a policy of rigid public parsimony. Under the "monitorial system" one teacher could be made to do the work of many—just like one cotton operative at the power loom. The teacher would teach, by rote, the older children; and the older children, armed with the retentive memory of childhood, could repeat the lesson to the younger children. Hey presto! the thing was done. Education, of suitable quality, could be sold like calico at a few ha'pence a yard. The Industrial Revolution had performed yet another of its miracles.

Naturally the well-to-do did not propose that their own children should be educated under the "monitorial

system," which was meant for training a subject class in habits of obedience and discipline, and not for educating masters of men. But the well-to-do were enthusiastic about the utility of the "monitorial system" for the poor—and even the Radicals had to support them, because "monitorial" education, which alone seemed practical at that stage for the general mass of children, was at any rate a good deal better than no education at all. There was almost universal acclaim for the new system, except among the already defeated "die-hards" who wanted to bring back the old days.

But—there was a difficulty. The Church regarded the "monitorial system" as admirable, provided that it was controlled by the Church. Nonconformists, foremost among the industrial capitalists, also held it to be admirable, provided that the Church had nothing to do with it. There ensued a desperate battle between Dr. Bell's "National Society for Educating the Poor in the Principles of the Church of England," and Lancaster's "British and Foreign Schools Society," which had been founded on an undenominational basis chiefly by leading Nonconformists.

State Aid to Education. The growth of State-aided education in England was for a long time held up by this controversy. In Scotland, with its much higher degree of religious uniformity and its much smaller middle class, education was able to advance a good deal faster. The State did, indeed, on the morrow of the great Reform Act of 1832, undertake to pay a small annual subsidy to each of the two contending societies. But the struggle between Church and Chapel was mainly responsible for delaying the advent of any real system of State-aided general education until after 1870—by which time its development had become indispensable in face of the growth of industry and the enfranchisement in 1867 of the upper stratum of the urban working class.

In 1870, with the passing of the Act which made it compulsory for the local authority in every area to ensure the

TABLE XLV
ENGLISH AND SCOTTISH
EDUCATION COMPARED

			Numbers Thousands		Per 1,000 of Population	
			England and Wales	Scotland	England and Wales	Scotland
University Students,						
full time	..	..	40·1	10·6	0·99	2·15
University Students,						
part time	..	..	10·3	3·4	0·25	0·69
Secondary Schools,						
pupils at grant-aided			448·4	159·2	11·1	17·6
Children from 14 to 17						
at school	..	..	426·0	67·0	22·8*	27·5*

* Per cent of all children between 14 and 17.

existence of a sufficient number of "school-places," and to make up the deficiency itself if it was not made good by voluntary agencies, the modern system of public elementary education was begun. Compulsory school attendance followed in 1876; and in 1891 fees were abolished in ordinary elementary schools.

Church Schools. But the consequences of the long struggle between Church and Chapel remained and remain to-day. The new "Board Schools," publicly provided by the new School Boards under the Act of 1870 and its subsequent extensions, grew up side by side with the older "Voluntary Schools." The Nonconformists, indeed, gradually handed over nearly all their schools to the School Boards; but the Church, especially in rural areas and small towns, clung tenaciously to its own schools. Presently the Roman Catholics began to create separate schools of their own, especially in slum areas where there was a large Irish population. The distinction between "provided" and "non-provided" schools survives to-day, and is once again emerging triumphant from the latest phase of educational re-organisation under the "Hadow" scheme. The Church, reinforced later by the Catholics, has been too influential to be displaced from its schools, and has even been able, while retaining control, to pass on to the public purse the full burden of their maintenance as far as teaching staffs and equipment are concerned—for otherwise it would have been impossible to maintain them in a condition of efficiency within even a reasonable distance of the standards reached by the publicly provided schools. The Church schools, at any rate in many of the rural areas, are far enough behind, even as matters stand; and they have a great deal to answer for in terms of the social backwardness of the English countryside.

Teachers' Training. In this developing system of English education, the "monitorial system," which chiefly commended it to its founders, has long been given up; for

teaching purely by rote was found not to answer even the minimum needs of the new industrial system. "Economy," forced out of this stronghold, took refuge for a time in the "pupil teacher" system, which still lingers on in some of the more backward schools. But gradually it had to be admitted that even an elementary school teacher could not simply be allowed to pick up a training somehow by trying to teach, and that the general body of teachers must receive as full-time students some training for their work. Here again the class system asserted itself. The training of teachers was undertaken for the most part not by the Universities—which reserved themselves for the superior class of schoolmasters—but by "Normal" or Teachers' Training Colleges, which offered shorter courses at much lower standards than those required for the University degree. This system of teachers' training was inaugurated principally by the Bell and Lancaster societies, under whose auspices it still in part remains. It was doubtless at its inception the only practicable way of tackling the problem; for here too cheapness was regarded as essential. But its result has been the firm entrenchment of the class system in the teaching profession as well as among the pupils. There are "teachers" and there are "masters" and "mistresses"; and even to-day they belong, for the most part, to different professional associations.

Growth of the State System. In 1870 and the following years the State, acting through the local School Boards, had set on foot a general system of elementary education for the poor, at a safe remove from the entire privately organised system of upper- and upper-middle-class education. There were, however, at work forces which were gradually making untenable this absolute dichotomy of the two educational worlds. As the needs of industry and commerce for skilled workers and competent clerks became more exacting, it became clear that the diffusion of the mere rudiments of education was not enough. Industry and commerce could not get the human material they

needed out of the elementary schools. Nor was there, in face of their rapidly growing demands, any alternative source of supply. Something was done to equip more clerks by rescuing and refurbishing up decayed old Grammar Schools and similar foundations to provide for the children of the rapidly growing lower-middle orders—tradesmen, works foremen, superior clerical workers, and the like. But these foundations, though they charged fees, mostly lacked the resources which were requisite for expansion, and all they were able to accomplish met but a fraction of the total need.

In the 70's and 80's there went up a cry for technical education, of which the rise of industrial Germany was said to be an outstanding product. The results were seen in the extension of technical and "trade-artistic" classes under the Science and Art Department, which had first been founded in 1853, and reconstructed on a larger basis in 1864. Under its auspices, and to a less extent under various local bodies, there was a rapid growth of part-time and evening education for those actually at work. By these methods it was hoped that a sufficient number of those who had left the elementary schools would be enabled to pick up in their spare time enough "further education" to meet the expanding needs of industry and trade.

Side by side with this growth of part-time education, a change was taking place in the elementary schools themselves. Slowly and tentatively the School Boards in one area after another were reaching out beyond the "Three R's" and beginning to provide, for a minority of the children, a slightly higher type of elementary education. The School Boards had, in fact, no legal power to advance beyond the elementary stage; but under the pressure of economic need the word "elementary" began to be more widely interpreted, and they were allowed to squeeze in a small amount of rather higher education, which made easier the subsequent work of the Science and Art Department in part-time technical and similar classes.

This was the situation when in 1902 the State at last

made up its mind to enter formally into the field of secondary as well as primary education. The Balfour Act of 1902 enabled the new local education authorities, which at this point superseded the separately elected School Boards, to start, if they wished to do so, secondary schools of their own or to subsidise existing schools which could be made to serve the requirements of the new secondary system. Actual progress under this measure was for a time slow, but in principle the departure was very great. For in invading the field of secondary education the State was in effect building a bridge, however narrow as yet, between the two worlds of education—the worlds of the rich and of the poor.

This became very much clearer after the war, when the Acts of 1918 and 1921 had made it no longer purely permissive but mandatory for the local education authorities to provide for the needs of their areas in higher as well as in elementary education. The rate-maintained, or at the least grant-aided, secondary school became at a stride a social agency of the first importance, intermediate between the upper- or upper-middle-class “public” schools and the higher types of school which continued to develop, and indeed were growing faster than ever, within the elastic framework of the elementary code. These secondary schools might either be new institutions founded by the local education authorities or older foundations which became in effect part of the general system of public educational provision, or at any rate, opened their doors to a large number of “free place” pupils coming from the elementary schools. Under these conditions it became difficult to see where one system ended and another began. There were “Grammar Schools” which stood half-way between “public” schools and public secondary schools, and there were Central Schools under the elementary code, which were undoubtedly purveying something remarkably like a form of secondary education. The two nations of rich and poor remained in being, but there came into existence between them a developing third nation of hybrids, corresponding

with the growing elaborateness of the social structure of the modern economic system.

Undoubtedly under the new conditions the quality of elementary education, in its lower as well as in its higher ranges, substantially improved. Teachers were rather better trained; and the improvement in the middle ranges of the educational system provided a better supply of potential teachers. Moreover, especially after the war, the general body of teachers came to be much better paid; and this brought about a substantial rise in the quality of the teaching profession.

§ 2. THE CLASS-SYSTEM IN EDUCATION TO-DAY

IF NOW we look at this changing educational system as it exists to-day, we must begin by observing that nothing that has happened has altered its essential character as a class system. There are more bridges, but the river flows between the two nations as dark and as deep as ever. There are no complete statistics of British education; for schools meant for the children of the "very best people," which mostly neither receive State financial aid nor submit to State inspection, are in most instances excluded from the public records, though a considerable proportion of upper-class "public schools" and a substantial minority of upper-class preparatory schools now place themselves under inspection by the Board of Education, while not receiving grant aid. From most of the figures given in this chapter it will be necessary to omit schools of these types. Their omission, however, does not upset the general accuracy of the figures in the accompanying table, which shows for England and Wales only (the conditions in Scotland as we have seen are considerably different) the distribution of the full-time student population among different types of educational institution.

TABLE XLVI
THE STUDENT POPULATION OF
ENGLAND AND WALES IN 1934
(In approximate figures)

	Thousands	per cent. of total
In Elementary Schools	5,635	89
In Special Schools for Defectives	52	
In Nursery Schools	4.5	
In Junior Technical Schools	25	
In other Junior Schools	7	
	<hr/> 5,724	<hr/> 90.5
In Grant-earning Secondary Schools	448	
In Inspected, but not Grant-earning, Secondary Schools	68*	
In Inspected Preparatory Schools	20	
	<hr/> 536	<hr/> 8.5
In Teachers' Training Colleges (<i>not</i> Universities)	12	
In Technical Colleges (full-time only)	15	
In Universities	40	
	<hr/> 67	<hr/> 1
Total Lower	5,724	90.5
Total Higher	603	9.5
Total	<hr/> 6,327	<hr/> 100

* The total number of boys attending schools which belong to the Headmasters' Conference is about 74,500, and the number of girls in schools of corresponding grade about 67,000. These figures, which are for Great Britain as a whole, include some of the schools covered by the table.

NOTE.—The corresponding figures for Scotland, so far as they are available, are:

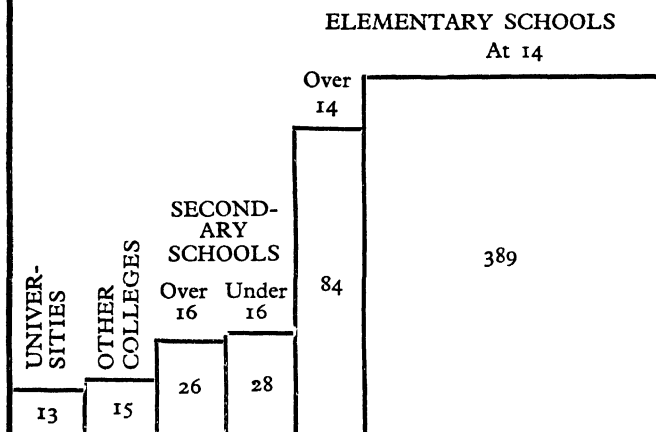
	thousands
Primary Schools, Primary Depts.	563
Primary Schools, Post-Primary Depts.	90
Secondary Schools, Prep. Depts.	69
Secondary Schools, Post-Primary Depts.	93
Special Schools and Classes, etc.	13
Central Institutions (<i>full-time continued education</i>)	2
Teachers' in Training	2
Universities	11

Numbers in Different Types of School and College. It will be seen from the table that in England and Wales 9 out of every 10 persons who are receiving some form of full-time instruction belong to the elementary group, and are either in ordinary elementary schools or in primary schools of some special type. Secondary education accounts, according to the figures, for about 9 out of every 100 students; but something must be added to this figure to account for the boys and girls who are being educated at a "public" or preparatory school which is neither in receipt of grant aid nor subject to Board of Education inspection. The total number of boys and girls attending schools which belong to the Headmasters' Conference, or girls' schools of equal status, is about 150,000; but a large proportion of these are already included under the heading of inspected secondary schools. Under these conditions it is not possible to give an exact figure for the numbers in receipt of higher education of all kinds. For Universities and Colleges particulars are more readily available. About one out of every 100 full-time students now receiving education has advanced beyond the secondary school to some sort of full-time college work, including work in Teachers' Training Colleges and Technical and Commercial Colleges as well as in the Universities. Even if we give the term "higher education" the most liberal interpretation that can possibly be put upon it, it will be seen that it accounts for less than 10 per cent of all the full-time students.

But a summing-up of the constituents of the entire body of full-time students may not give so clear an idea of the class character of English education as an attempt to present a picture of a single year's exodus from the educational system into the world in which a living has to be made. No close accuracy is claimed for the calculation embodied in the accompanying diagram. It omits, perforce, those boys and girls who left non-grant-aided public schools and did not go on to Universities. But as against this it includes all those who left grant-aided secondary schools, whether they went on to some place of higher education or not. It

A YEAR'S ENTRANTS TO EMPLOYMENT, 1934

Figures in thousands. England and Wales only



The diagram omits those leaving (a) non-grant earning secondary schools ; (b) special schools for defectives, and not proceeding to a place of higher full-time education. It takes no account of part-time education.

excludes those who left special schools for defectives, as they cannot be regarded as necessarily entering the labour market; but their inclusion would make very little difference to the proportions. In the case of elementary scholars the figure given includes only those who left school for employment, or in search of it, and omits all those who were transferred from elementary schools to any other kind of school. It also distinguishes between those who left at the normal leaving age and those who remained even a short period longer. Finally the heading "Other Colleges" includes full-time students leaving technical institutions, Agricultural Colleges and Teachers' Training Colleges. There may be some ambiguity in the statistics in respect of girls leaving school, as it is not always easy to ascertain whether they are entering the labour market or not.

It will be seen that, out of about 555,000 new recruits to "gainful employment" in 1933, 473,000, or 85 per cent, came from elementary schools. Of these over 389,000, or 70 per cent of all the new recruits, left school at the lowest permissible school-leaving age. Another 60,000 from elementary schools, and also 9,000 from grant-earning secondary schools, making together another $12\frac{1}{2}$ per cent of the total, left before 15, and nearly 6 per cent more before 16: so that the total recruitment of "over 16's" to all forms of employment was only one-tenth of the total recruitment at all ages. Of all the new recruits to employment, 70 per cent left school at 14, and well over 90 per cent before 16.

The same facts can be stated in another way. Between the ages of 6 and 14 practically the whole child population is at some sort of school. The proportion of all persons in the age-group 14 to 15 who are receiving full-time instruction in grant-aided schools is only about 40 per cent. In the age-group 15 to 16 it falls to 15 per cent, and in the age-group 16 to 17 to less than 8 per cent. The proportion in grant-aided secondary schools is about 11 per cent of all children between 12 and 16 years of age, but under 7 per cent of those between 16 and 17.

TABLE XLVII

A YEAR'S SCHOOL LEAVERS,
ENGLAND AND WALES, 1934

(in thousands)

			Males	Females	Total
A. FROM UNIVERSITIES, full-time courses ..			10.0	3.2	13.2
From Technical Colleges ..			4.5	3.5	8.0
From Agricultural Colleges ..			0.5	—	0.5
From Teachers' Training Colleges, full-time courses			1.5	4.5	6.0
Total Entrants from Colleges, etc. ..			16.5	11.2	27.7
B. FROM GRANT-EARNING SECONDARY SCHOOLS :					
At 14			2.9	2.5	5.4
At 14-15			4.4	4.5	8.9
At 15-16			7.3	6.6	13.9
At 16-17			14.7	11.8	26.5
At 17-18			8.0	6.3	14.3
At over 18			7.0	5.8	12.8
			44.3	37.5	81.8
Deduct Group A (i.e. those leaving Secondary Schools for further full-time education)*			16.5	11.2	27.7
Total Entrants from Secondary Schools			27.8	26.3	54.1
C. FROM ELEMENTARY SCHOOLS :					
At 14			194.2	195.0	389.2
At 14-15			32.6	27.3	59.9
At 15-16			9.8	8.9	18.7
At over 16			2.5	2.4	4.9
Total Entrants from Elementary Schools			239.1	233.6	472.7
TOTAL ENTRANTS			283.4	271.1	554.5

* This deduction ignores the students in Group A who have not been at a grant-aided Secondary School.

There is no need to labour the point further. The educational as well as the economic facts about the condition of the people show that, even if we take the middle and upper classes together, the comfortably circumstanced are no more than about 10 per cent of the nation, in spite of the growth in recent times of middle groups between the rich and poor. The overwhelming majority of the people remain quite definitely on one bank of the dark, deep river that divides the two nations.

Part-Time Education. One thing, however, to be borne in mind is that, side by side with the development of industrial technology, there has been a considerable growth of part-time education. In 1934 over two million students in England and Wales enrolled for part-time classes of one sort or another in Technical Colleges or in Evening Institutes controlled by the Local Education Authorities. This total doubtless represents a substantially smaller number of students—for many students enrolled for more than one course—and it also includes a considerable number who enrolled at the beginning of the course without actually attending regularly. But it appears from the returns furnished to the Board of Education that the number of persons attending Evening Institutions in receipt of grant-aid from the Board amounted in 1934 to 842,000, apart from 25,000 part-time students attending technical day courses, about 15,000 attending Day Continuation Schools, and 51,000 attending Art Schools recognised under the Board's Regulations for Further Education. To these must be added well over 60,000 students in non-vocational adult classes, organised by the Workers' Educational Association, the Universities, and certain other recognised bodies, *plus* an unknown but clearly very large number attending other classes which do not receive grant aid from national funds.

This great mass of part-time continued education is, of course, of many varying types and qualities. The "adult" classes organised by the W.E.A. and the Universities and the non-grant-earning courses of such bodies as the National

TABLE XLVIII

TECHNICAL COLLEGES AND
EVENING INSTITUTES IN
ENGLAND AND WALES, 1934

				Number of Institutions	Number of Students (ooo's)
Colleges	..	..	..	141	200
Evening Institutes	..	..	..	4,745	643
				4,886	843

Subjects studied

Vocational	No. of Students (ooo's)	Not Specifically Vocational	No. of Students (ooo's)	General	No. of Students (ooo's)
Industrial Subjects :		Mathematics..	258	Physical	
Mining ..	19	Natural Sciences	103	Training ..	153
Chemicals ..	12	Social and Mental		Hygiene ..	46
Engineering and		Sciences ..	24	Miscellaneous	11
Metals ..	129	Music ..	65		
Textiles ..	15	Art ..	42		
Clothing ..	19	Languages ..	77		
Food and Drink	6	English ..	225		
Printing and Paper	11				
Building, Wood and					
Furniture ..	72				
Others ..	4				
Professional and					
Commercial ..	316				
Rural ..	2				
Domestic ..	278				
Manual ..	108				

Ages of Students, in thousands

Under 14..	..	44	16-17	..	72	Over 21	..	350
14-15	..	94	17-18	..	75			
15-16	..	68	18-21	..	139			

Council of Labour Colleges are not "vocational" in character. They are either "cultural"—that is, carried on with the object of widening individual knowledge and appreciation as ends in themselves—or "social"—that is, carried on with the object of helping their members to a better understanding of social and economic problems. But of the much larger volume of work done in Technical Colleges and Evening Institutes, by far the greatest part has some practical "vocational" object, even if the line between "vocational" and "non-vocational" is sometimes almost impossible to draw. Of the two million or so enrolments of evening students in Technical Colleges and Evening Institutes, the great majority are certainly accounted for by mainly utilitarian motives. This appears from the subjects which are chiefly studied. Thus, technical classes relating to particular industries accounted for about 300,000 enrolments, and professional and commercial subjects for another 400,000. Nearly 300,000 were in domestic subjects. Another 250,000 were in mathematics, mostly of a practical sort. English, again largely of a utilitarian commercial brand, accounted for 225,000 enrolments, and foreign languages, also taught mainly with a commercial bias, for 77,000. As against these large figures, the natural sciences as a group had just over 100,000 enrolments, and the social and mental sciences, including history, only about 23,000. Music contributed 65,000, and art 42,000. The last big group, which stands rather by itself, apart from both "cultural" and "vocational" subjects, was physical training, with over 150,000 enrolments, chiefly among the younger attendants at the institutions concerned.

The students attending these Colleges and Institutes were for the most part young—much younger on the average than the students in the non-vocational adult classes of the W.E.A. and similar bodies. Out of 842,000 recorded students, over 200,000 were under 16, and over 350,000 under 18. Clearly a considerable fraction of those who leave school at, or before, 16 contrive to pick up some sort of

"further education" in various part-time institutions which are designed mainly to improve the students' prospects of earning a decent living.

Nor must it be forgotten that the Universities, in addition to their full-time work, also undertake a substantial amount of part-time education, especially in some of its higher vocational aspects, such as the study of law, music, and various commercial subjects. In Great Britain as a whole, the Universities had, in 1934, in addition to their 50,000 full-time students, about 6,500 part-time students taking regular courses, and also about 7,500 "occasional" students.

It is true that a good deal of this mass of part-time education is of a relatively low standard. It is, however, systematically pursued on a considerable scale by students who are eager to improve their material prospects in life. It leads up to a host of business diplomas and qualifications of one sort and another; and there are many walks of industrial and commercial life in which it is as much a passport to advancement as a University degree is in the higher professions. One of the most important and least noticed facts of the modern world is the great increase in the number of persons who possess minor technical qualifications which are enough to raise them, both in their own estimation and in their earning power, above the ruck of the unqualified or of those whose sole qualification is based on manual apprenticeship. The "black-coated" proletariat consists to an ever-increasing extent of these qualified workers, who have laboured away in the evenings to advance themselves, and by that means have in most cases raised themselves a step up the social ladder. The Universities are still apt to think of themselves as the exclusive purveyors of degrees and diplomas which carry with them a monetary as well as a cultural value. But almost unobserved by the academic world the mass of minor technical qualifications grows; and perhaps some day this new system of education, working up from below, will become powerful enough to challenge the complacent egotism of the

established monopolies in the higher professions and of the recognised "seats of learning."

Yet, of course, part-time education is in most cases no better than a makeshift. It is designed for boys and girls, or for young men and women, who have been snatched away prematurely from full-time education and thrust into the necessity for making a living. Its efficacy is very much diminished by the defective general education with which most of its students have to begin. Attempts to deal with this defect by developing cultural subjects inside the Evening Institutes and Technical Colleges are largely ineffective because students who have to put in a full day's work before they begin to study can seldom spare the time or energy for both cultural and technical courses. They have to choose; and inevitably the great majority choose whatever seems most likely to advance them in their "gainful occupations."

§ 3. RAISING THE SCHOOL AGE

ANY REFORM which raises further the general minimum standard of public education will necessarily at the same time raise the standard of part-time education among both adolescents and adults. The raising of the school-leaving age—on condition that it is properly planned—will secure that the ordinary child will leave school with a substantially better foundation of general knowledge on which the superstructure of technical or cultural part-time education can be built up. Some day perhaps the general school-leaving age will be raised so high as to make the technical education of adolescents in part-time institutions obsolete. When that day comes, technical and cultural education will be able to take their proper places in a balanced system of full-time adolescent education. But as long as the great mass of children continue to leave school at 14 or 15, or even at 16, part-time teaching of adolescents is destined,

under modern economic conditions, to play a great and increasing part in the work of fitting boys and girls for the requirements of the social system.

At present, the community gets only a makeshift, because the foundations are not well and truly laid. If part-time education is to be of proper advantage to the adolescent, it should be preceded at the least by a general full-time education as good as that which is now received by the boy or girl who leaves a secondary school or a really good central school not earlier than 15. The great majority of those who leave the elementary schools at 14 are simply not qualified to profit by the more developed forms of part-time further education. We have seen that, out of 555,000 school-leavers in 1934, only about 84,000 had advanced as far as a secondary school, and only another 84,000 had been able to remain even in an elementary school beyond 14; whereas nearly 390,000 had left school finally for employment at 14.

The Proposals of the Hadow Report. There is practically universal agreement among educationalists that a school-leaving age of 15 does make possible an effective form of "secondary education for all," whereas a leaving-age of 14, or a nominal leaving age of 15 with easy exemptions for so-called "beneficial employment," does not. The proposals of the Hadow Report of 1927 were based on the extension of the school-leaving age to 15, without any exemptions. This was designed to make possible the adoption of a general system of secondary, or at least post-primary, education for children between 11 and 15 years of age—11 being the age at which children who are intended to remain at school beyond the age of 14 are at present chiefly transferred to secondary or central schools, and at which, even for those who are to leave at 14, education in the "higher-top" or "senior divisions" generally begins, where any such grading exists in the elementary schools of to-day. The immediate aim of the Hadow Report was to introduce a general system of graded education, planned up

to the age of 15. This is very much less than should be aimed at, both because there was in the Hadow Report no proposal for raising the school-leaving age further than 15, and because no firm assurance was given that the education provided between 11 and 15 should be really of a secondary type.

The New Act and its Effects. But even the mild proposals of the Hadow Report have been whittled away almost to nothing by the Act just now coming into force. The Hadow proposals included the adoption of 15 as the minimum leaving age, without any exemptions from school attendance on occupational grounds. On the other hand, the new Act, while it nominally raises the age to 15, allows local authorities full freedom to grant exemptions on grounds of "beneficial employment," and in view of the pressure arising out of the financial needs of the parents this is likely to mean that the standards adopted in the most backward areas will be contagious—for the area which adopts higher standards than its neighbours will be certain to encounter strong criticism from parents who find themselves dependent on children's earnings as a subsidy to the family income. This difficulty would, of course, disappear if adequate maintenance were granted for children who remained at school after 14. But the present Government has set its face against the granting of such allowances as an unnecessary extravagance; and this is in itself enough to set a lot of needy families in opposition to the raising of the school-leaving age. Their need for earnings outweighs in their minds their children's need for further education; and consequently the coming generation has to suffer in this as in many other ways on account of the parents' poverty.

The opponents of an improved educational system rely chiefly on this attitude of the poor as a means of securing their support for a policy of obstruction. They refuse maintenance allowances; and then they declare, in the face of this refusal, that the poor do not want their children

to remain at school. Yet it is clear that, until the school-leaving age is raised, effectually as well as nominally, to a minimum of 15, there can be no possibility of planning any real curriculum of secondary education suitable for the general body of normal children.

A real leaving age of 15, on the other hand, would make possible a general improvement of educational standards. With the four years between 11 and 15 to be filled, the school curriculum could be planned on lines which would provide for a real system of secondary education. To this, it need hardly be said, there is very strong opposition among the ruling classes; for the general diffusion of secondary education would go a considerable way towards undermining the existing class monopolies of the better-paid and more gentlemanly jobs. It would put the boy or girl who left school at 15 and subsequently attended part-time classes at a Technical College or Evening Institute far nearer to an equality with the boy or girl who left a Secondary or Junior Technical School at 16 or 17. It would help to level opportunities, and therewith to increase the competition for jobs which are now largely the prerogative of children drawn from the higher income groups. This accounts for a good deal of the opposition; and indeed many of those who pay lip-service to the proposals of the Hadow Report do their best to destroy its practical effects both by confining post-primary education within the narrowest possible limits, and by so ordering the curriculum and staffing arrangements of the new post-primary schools as to make them as different as possible from the secondary schools, and definitely of inferior quality.

What we are getting to-day is not the Hadow scheme—and even that was only a half measure—but a travesty of it. Take first the question of exemptions below the age of 15. In face of the uncertainty about the duration of the child's stay at school, it becomes impossible for the school authorities to plan out an effective "senior" curriculum between the ages of 11 and 15; and there is a danger of the last year of attendance being largely wasted by those who do remain

at school. Past experience of exemptions under 14 shows clearly how dangerous the system of exemptions is; and further evidence has been furnished by those few areas which have made use of their power to raise the local school-leaving age to 15 by local by-law. This has often meant in practice that exemption has been freely granted to any child who has been able to get employment whether "beneficial" or not; and there have remained at school only a residue of children, usually not the most gifted, for whom it has been too difficult, or hardly seemed worth while, to plan out any systematic course of study.

There is all the more difficulty because the areas of Local Education Authorities, especially for elementary education, seldom coincide with the real areas of towns and residential districts. If one local authority in a group of contiguous towns grants exemptions freely, the pressure upon others to do likewise becomes very great. For in the absence of adequate maintenance allowances all too many parents are anxious for their children to leave school. Except in the most depressed areas, children can usually get some sort of job after 14. They are then cheap labour, and their liability to unemployment only comes later when they begin to cost the employer more. Hardly pressed parents can hardly be blamed if, when they see their neighbour's children bringing money into the home, they resent being deprived of the chance, because their particular Local Education Authority is trying to do its duty by the child. Moreover, even within the area of a single authority, the granting of exemption in one case and the refusal to grant it in another breeds constant criticism and dissatisfaction. Parents rarely see eye to eye with the Local Education Authority concerning the interpretation of "beneficial employment." What is apparent to them is that their neighbour's child has been granted exemption, whereas their child has been refused it; and many of them are bound to put down the differentiation to favouritism or worse on the part of the local authority.

But it is not only in the matter of exemptions that the

Hadow Report is being whittled away. Explicitly, the idea underlying the scheme was that a real system of higher education ought to be established for all normal children. It was not, indeed, proposed to do this by creating secondary schools for all on the existing model; for the existing secondary schools are designed mainly for children who are to stop at school at any rate up to 16, though in fact a great many children do leave them earlier. Moreover, in the existing secondary schools the type of education is somewhat "bookish," and designed to lead up primarily to non-manual forms of employment. In our view, this distinction between the type of education suitable for "black-coats" and manual workers will disappear in any ordered society, at any rate as far as it involves any difference in education up to 15, or in the standard or quality of the education provided. There is no good reason why a manual worker should receive a cheaper or worse cultural education in the arts of life than a clerical or managerial worker. There is good reason for allowing plenty of room, for the older children particularly, to follow their own bents; but to encourage specialisation in craft work as well as in book work is a very different matter from giving the manual worker an education of inferior quality, by scamping equipment, having larger classes, and setting up lower standards of qualification for the teaching staff.

§ 4. EFFECTS OF THE CLASS-SYSTEM

THE FULL Hadow scheme was meant only as a first step, and it must be granted that it is impracticable as things are to set up suddenly a universal system of secondary education of the same standard as that which now extends only for a small minority of children. The Hadow scheme was planned to raise the school-leaving age, not to 16, but only to 15; and a system of higher education planned in relation to a school-leaving age of 15 is bound to differ in character

from the existing type of secondary education. It is bound to be modelled to a certain extent, not on the existing secondary schools, but on the "central schools," called by various names in different areas, which have arisen under the elementary code to meet the needs of older children for higher education.

The New Post-Primary Schools. This, though it involves some inferiority of standard—for standards of equipment, staffing and size of classes are definitely lower under the elementary than under the secondary code—might have been accepted, however reluctantly, as an intermediate measure if there had been a manifest readiness to carry out the spirit of the Hadow scheme by making the new "post-primary" schools as near to the standard of the secondary type as the available supply of skilled teachers would allow. Instead, there is reason to fear that many of the "reorganisation schemes" now being carried through by the Local Education Authorities involve little more than a separation between junior and senior school departments, without any endeavour to provide in the senior schools or departments an education differing in any essential from education of the elementary type. Moreover, the attachment of the new senior schools to the elementary code has been made an excuse for allowing the religious bodies to entrench themselves firmly in the new type of school; whereas if the new schools had been attached to the secondary system, the non-provided schools could at least have been limited to children under 11, and one more long-overdue step could have been taken towards restricting the reactionary influence of the country parson and the squire over the life of the village, and towards checking the steady growth of Roman Catholic influence in the poverty-stricken urban areas.

Even the emasculated Hadow scheme, as reinterpreted by the National Government, is by no means fully in operation. According to the Board of Education's report for 1934, the latest available as we write, only 39 per cent of

TABLE XLIX

ELEMENTARY EDUCATION IN ENGLAND AND WALES, 1934

(Figures in thousands)

<i>All Children</i>	Boys	Girls	Total	Per cent of Total
In Senior Departments	410	404	814	14·6
In Junior Departments	627	614	1,241	22·3
In All-age Departments	1,213	1,183	2,396	43·0
In Infants' Departments	571	552	1,123	20·1
	<u>2,823</u>	<u>2,754</u>	<u>5,577</u>	<u>100·0</u>
<i>Children over 11 only</i>				
In Senior Departments	..	..	801	39·1
In Junior Departments	..	..	129	6·3
In All-age Departments with Senior divisions			159	7·8
In other All-age Departments	..	..	959	46·8
			<u>2,048</u>	<u>36·7</u>
Children under 11	..	..	3,529	63·3
Total	..	..	<u>5,577</u>	

the elementary school children over 11 years of age were in "reorganised" senior departments and another 8 per cent in makeshift senior divisions, leaving over 6 per cent in junior, and 47 per cent still in undivided "all-age" departments. Even the limited reforms which the Board was prepared to recognise are being but slowly carried out in a large number of areas.

The Size of Classes. Nor is this the only respect in which reorganisation has been hanging fire. In 1934 there were still in England and Wales over 6,000 classes with over 50 children on the register, though 50 is too large a number for effective teaching, even when allowance has been made for absentees. In secondary schools the normal upper limit to the size of the class is not 50, as in the elementary schools, but 30; and no higher number should be tolerated in the new post-primary schools. There were, however, in 1934 no less than 60,000 classes in English and Welsh schools with over 40 pupils on the register, and another 52,000 with over 30. Among classes consisting wholly of "senior" pupils—that is the "over 11's"—only 10,000 had less than 30 pupils, 33,000 between 30 and 50, and over 600 more than 50. There were, moreover, still about 35,000 uncertificated and supplementary teachers in charge of classes, as compared with a total of 117,000 certificated teachers, including head teachers.

It is plain that, all along the line, standards of staffing, equipment, and size of classes in the new post-primary schools are vastly inferior to those already recognised in the secondary schools. As far as size of classes is concerned, the prospective fall in the total number of children of school age is expected gradually to improve the situation, unless we have in the meantime yet another "economy campaign"; but that will not alter the fact that, in respect of equipment and qualification of teachers, the new Hadow schools are being brought into existence at a definitely inferior standard. Instead of "secondary education for all," we are to get a form of post-primary education patently designed to

perpetuate and consolidate class differences. The manual worker is still to be treated as a being of a culturally inferior order; and we can feel sure that everything possible will be done to encourage the superior "secondary schools" to go on manufacturing not merely black-coats but also snobs.

Snobbery in the Secondary Schools. There is, indeed, in many of the existing secondary schools, whether managed or grant-aided by the Local Education Authorities, an almost irresistible tendency as matters stand to set up a colourable imitation of the expensive "upper-class" public school. This is much less true in the north of England and in industrial areas than in the residential districts and in the South; for snobbery has less hold in the North and in the industrial areas generally, and there is less inclination to imitate the manners of the "gentry" in districts which are remote from the majority of the really genteel "public schools." But especially in Greater London, and to some extent everywhere, the secondary school is apt to become a centre for the cultivation of snobbery. Drawing their pupils from "superior" and still more often from "would-be superior" homes, staffed by "schoolmasters" or "schoolmistresses" who are conscious of their superiority to mere "teachers" and their risk of being deemed inferior to masters or mistresses in well-known "public schools," the newer secondary schools are under a sore temptation to "go snob." All too often they are provided with Blimps for governors and encouraged to select the most "genteel" candidate for headmaster or headmistress rather than the most efficient or the most imaginative. And, of course, the "genteel" heads can usually be relied on to gather round them a suitably "genteel" entourage of assistant masters and mistresses.

In specially snobbish areas, where the population looks down on the "horny-handed" and rejoices in gossip about the "servant class" and the aristocracy as featured in the picture papers, this sort of thing is unfortunately very difficult to prevent. It is all the harder because in "Snobbish

England" (far less in Wales and Scotland) snobbery has been able to buy for itself a social tradition which, except in strongly organised Trade Union areas, democracy seldom possesses. Moreover, even among the "horny-handed," the social tradition of democracy has often two grave faults from the standpoint of its effectiveness under the social conditions of to-day. It is closely bound up with certain forms of high manual skill which are coming to count for less than they did, either because of changing industrial technique, or because the industries upon which they were chiefly centred have declined in importance and prosperity. Secondly—and this matters even more—the working-class tradition, based mainly on trade unionism, has been far too masculine, and has far too slight a hold or claim upon the women, who have to play at least an equal part with the men in determining whether snobbery is to rule and fashion the new educational system.

There are, indeed, co-operative societies as well as Trade Unions to serve as rallying points for the democratic tradition against the "snob power" wielded by the Press, the wireless, the cinema, and a host of less obvious social influences. But consumers' co-operation has been able, so far, to influence strongly the social consciousness of only a small minority of its members: nor has the influence of co-operative leadership been thrown with any assured consistency and force against snobbery in its subtler forms. Even the local Labour Parties, though their leadership, under the influence of Socialist ideas, is far more democratic and equalitarian in spirit than that of the co-operative movement, are not always above bowing down in the Temple of Rimmon. Labour peers and peeresses find themselves inundated with requests to open Labour bazaars, because the local Labour organisers, even if they have no use for titles themselves, shrewdly suspect that "Lady Pish" will draw a bigger gate than "Mrs. Tush," and thereby serve better to replenish the local Labour coffers. Alack, they are right. The "palish pink," if not the "red," voter will still come to stare at "Lady Pish" and fork out

ha'pence more readily for her than for "Mrs. Tush," though, of course, it is also in the organiser's mind that, if he can only get "Lady Pish" to come, quite a number of voters who are innocent even of the palest pinkness will roll up to stare at a "real lady"; and he hopes that perhaps a grain of pinkness may get rubbed off on them while they are contributing, for "Lady Pish's" sake, to the Labour war chest.

In such an environment, how can a good many of the secondary schools be expected not to "go snob"? There are schoolmasters and schoolmistresses—especially those who teach by choice and vocation, and not simply by economic necessity—who put up a heroic fight against the pervasive Blimpishness of Britain. They are, however, still much less likely to become headmasters and headmistresses before their spirit has been bent if not broken than their more genteel and accommodating colleagues, who are at least half Blimps themselves.

This snobbishness of the English secondary schools is not all evil. "Public schools" of the upper and upper-middle class have undoubtedly many good qualities. They are well-equipped, healthy places in which the average boy or girl who attends them does stand a reasonably good chance of learning valuable habits of mind—some degree of self-reliance and responsibility, some power of getting on with other people of the same broad social class, some traditions of living together under conditions which inspire a good deal of friendship and social spirit, even within the limits of the class group. As governing-class seminaries the schools of the upper and upper-middle class do their work quite efficiently, and they do turn out men and women possessed of a serene conviction that the world is their footstool.

The children of working-class parents could do with a good deal more of this self-confidence and sense of self-importance—if only they could get it by feeling just as good as anybody else and not better. The secondary school can do a good deal towards removing a working-class scholarship-boy's sense of inferiority, but it often accomplishes this

only at the cost of putting a snobbish sense of superiority in its place. For the most part the working-class children who get to secondary schools do not raise their class with them. They rise out of it into an intermediate class awkwardly poised between "gentility" and "commonness"; and some of them develop therewith a state of mind in which they are all the more determined to be "gentlemen" because they have an uneasy suspicion that they are not. Where the headmaster and his assistants play up to this spirit, the results are apt to be very bad. In all countries the Fascist movement makes its nastiest recruits among the half-gentlemen, who are all the more set on trampling on their social inferiors because they have a suppressed sense of being social inferiors themselves. They are most dangerous when economic depression prevents them from finding jobs which satisfy their desire for gentility. Hitler is the perfect example of the half-gentleman *manqué* taking his revenge for the insults offered to his pretensions by a society loth to recognise his superiority.

All the same, under cover of living up to the standards set up by the upper-middle-class schools, the State-supported secondary schools do manage to exact from parsimonious but snobbish Boards of Governors or Local Education Authorities such playing fields, buildings and equipment as would certainly be refused to them if they were not claimed on the score of gentility. Schoolmasters or schoolmistresses can use these things to good purpose in increasing the health, happiness and educational quality of their schools, and can turn out on the average a better type of citizen than it is possible to produce without them. Even English snobbery thus produces some useful results, though on balance far more evil than good. If ever there is an English civil war, it will be fought between snobs and democrats; and it will be found that grant-aided secondary schools have provided quite a number of the snobs.

"Private Venture" Schools and Institutions. Needless to say, the "private venture" type of public school, which

is neither a securely established trust foundation nor a publicly-owned institution, is usually a great deal worse. In this type of school, snobbery is very often invoked to make up for inefficiency. We are speaking now, not of the comparatively small number of "crank," or "modern," schools which range from best to merely funny, but of the type of school, found in not rich but pretentious suburbs, which sets out to attract pupils by claiming to have a superior social tone, and is quite likely to inform its prospective customers that no Jews or no artisans are admitted, or that it does not encourage the small tradespeople to send their children. Such institutions are poisonous; and they are usually contemptible in a pedagogic sense. The fundamental reason for their inefficiency is, of course, that they are run on the cheap, whereas efficient education simply cannot be run cheaply.

Another stronghold of snobbery is to be found in the "private venture" institutions set up for various forms of professional training. Colleges and training schools which set out to equip typists—"job guaranteed"—or to furnish "sound commercial education" to evening students are mostly up to the eyes in snobbishness. For they are, for the most part, not merely training people for certain professions, but actually in the art of rising in the social scale; and, where good deportment is held to play a considerable part in the art of getting jobs, it is not to be wondered at that snobbery flourishes exceedingly.

The Universities. As for the Universities, they make a bold pretence of being seats of learning devoted to the cultivation of knowledge for its own sake, and holding themselves serenely above the battle of life. But they are, for the most part, unavoidably vocational institutions engaged in training future entrants into the more lucrative occupations. What else can they be? The number of persons who can afford merely to adorn or rule the world without being paid directly to do it, or merely to cultivate learning for the love of learning, are far too few to keep Oxford and

Cambridge alive—to say nothing of the newer Universities which have now in the aggregate many more students. Colleges and Universities are unavoidably more vocational than either elementary or secondary schools, because the great majority of those who attend them have already reached the stage of specialisation, and can afford to attend them at all only on the understanding that it is to be worth their while in terms of subsequent earning power.

This is written, not by way of criticising the Universities for being vocational institutions, but rather in the hope of persuading them to stop the pretence that they are not. Doctors and technicians, teachers and administrators, lawyers and clergymen, are useful citizens who have to be trained to do their special work, and are likely to be best trained in a mixed institution which includes specialists in many different arts and sciences. The main use of the Universities is not to be *merely* vocational, but to retain their universal character while preparing specialists of many sorts in such ways as to give to each of them not merely a narrow specialism, but as far as possible a rounded view of life.

At present, the tendency in many fields is towards over-specialisation, largely because of the economic pressure to get a job as quickly as possible. But this tendency is aggravated by a certain cleavage between the teachers of “cultural” and “modern” subjects—the classic and the philosopher still trying to pretend that their subjects are non-vocational, and believing themselves to be the last defenders of the liberal spirit against the incursion of modern materialism. The consequence of this attitude is that there is too little blending of purposes, old and new. The “modern” subjects are allowed to grow up too much as mere specialisms; the old “liberal” subjects remain out of contact with the modern world.

But, of course, the essential fact is that the University, however many “poor” students it may admit from public secondary schools, remains a class institution. It is preparing a select minority of 2 or 3 per cent of those who go out

into the world to earn a living to secure for themselves a very high proportion of all the relatively well-paid jobs. It does not, indeed, hold out to its alumni the prospects of fortune in the capitalist sense, for higher education is not on the road royal to the more spectacular forms of profit-making. What it does offer is the prospect of joining securely and permanently the select class of the comfortably well-to-do, at any rate by comparison with the living standards of the vast majority of the people. We need, therefore, feel no surprise that Universities usually return Conservative members of Parliament, or that collectively University teachers can usually be relied on to take a safely comfortable conservative line on any question, political or academic.

Adult Education. A few words must be added about the movement known as Adult Education, which is usually no less proud of its non-vocational character than the most crusted don at Oxford or Cambridge. Grant-aided Adult Education, under the auspices of the Universities and of such "recognised" bodies as the Workers' Educational Association, accounts for about 60,000 students in England and Wales. There is no way of discovering how many students are enrolled in non-grant-earning "adult classes" under the auspices of other bodies; but this must mount up to a considerable total. It is, however, clear that grant-earning adult education at any rate is apt to attract students when they are too old for the best social results to be secured. Such bodies as the W.E.A. have a remarkably high proportion of students who are well on into middle age, and in most areas a remarkably low proportion of adolescents or young adults—who throng in immensely greater numbers to the mainly vocational evening courses of the various technical colleges and institutes conducted by the Local Education Authorities. Adult Education, which often has behind it a strong driving force towards collective as well as individual advancement in knowledge and culture, is at present doing relatively little towards forming the

mind of the coming generation. It even did more in the past, when the total numbers attending its classes were very much smaller than they are to-day. A good deal of the vigour seems to have gone out of it, despite the increase of numbers, though of course there are still plenty of admirable groups of students to whom this wise generalisation does not apply.

Why is Adult Education, which seemed so hopeful a movement a generation ago, in danger of becoming merely innocuous? Undoubtedly one reason is the counter-attraction of vocational courses, in face of growing economic pressure. A second reason is that the increasing strain and insecurity of social and economic relationships have made the painstaking educational methods of the W.E.A. seem to many young people unduly hesitant and non-committal. They want to be educated, not so as gradually to work out for themselves their own conceptions of the truth, but rather as combatants in a struggle to which they are already committed. They want to know in order to act—in order to act here and now, and not at some possible later date when they have arrived at a fuller knowledge of the truth. They demand not impartial objectivity, but a confident interpretation of the facts, set forth as a direct stimulus to action. Or if they do not want this, they are apt not to want anything of an educational sort; for if they do not feel a need to be trained for action, still less does it seem worth while to go groping painfully in this disordered world after an unknown faith. Or, if it does seem worth while, it is apt to seem so only after disappointment and disillusion have been encountered; and those who come into Adult Education in this mood are seldom young enough to make the ardent apostles without whose activity no voluntary movement can live and thrive.

Types of British Education. All in all, the educational condition of the British people mirrors well enough the general condition of British society; for education—or the want of it—is our way of training the people in their several

grades and classes for their various walks in life. We have one education for "gentlemen" and "ladies," and another for manual workers and working-class housewives. Between these two we have, to an increasing extent, an education for the "half-and-half people," who are to occupy the rapidly growing number of minor technical, clerical and administrative positions. The rise of these intermediary groups, and the need for a much greater amount of training for them, has disturbed the old simplicity of the educational structure—just as the complexity of class relationships has been increasing in other fields. But the essential contrasts remain. One teacher, with inferior qualifications, is expected to teach twice as many children as one "superior" schoolmaster or schoolmistress. He or she is expected to do it in worse buildings, with less space for play, or even with none at all, and with worse equipment, though more space and better equipment are really needed in order to offset deficiencies of home life among the poor. The teacher is expected, under these handicaps, to turn out at 14, or at the most at 15, a person educated enough to serve the rich as one of the labouring poor, who can be trusted with the vote because he or she knows just enough to be duly susceptible to propaganda and can be talked over into voting that things shall go on pretty much as they are.

Waste of Ability. These conditions involve an immense waste of the limited supply of superior ability which is to be found among the British people—for the scarcity of superior ability is a fact which democrats are just as ready to admit as anybody else. Democrats, however, hold that the scarcity of superior intellectual qualities is a strong reason for ensuring that everyone who possesses them shall get the best possible chance of using them to the full. Under the present educational system nothing remotely resembling this can possibly happen. Even those who place but limited faith in the reliability of psychological tests will be forced to admit that the evidence furnished by the psychologists is conclusive on this point. Take, for example, the

investigation which is now being conducted at the London School of Economics by J. L. Gray and P. Moschinsky into the question of "Ability and Opportunity in English Education." The preliminary conclusions of this enquiry, published in 1935 in the *Sociological Review*, show that under the standard "Otis" test the average level of ability among children educated at their parents' expense is appreciably higher than the level among children educated at the expense of the State. Thus approximately 50 per cent of the former group, as against 25 per cent of the latter, reach a level of "brightness"—which means the possession of mental qualities beyond the ordinary. If this proportion were accepted as roughly correct, it would follow from the relative size of the two groups that the children educated at the State's expense would contribute four-fifths of the total supply of higher ability or "brightness" in the community as a whole. But of these "brighter" children only little more than one-quarter have the opportunity, under present conditions, to proceed to a secondary school. Of the remainder, some go to a central school, and this intermediate group alone exceeds in numbers all of the fee-paying pupils who reach the corresponding level of ability. In Gray and Moschinsky's words: "In the whole school population more than 50 per cent of the pupils are without the opportunity of higher education." This means that at the least half of the superior ability which exists among the children of the British people is either going to waste or is being compelled to fight against immense educational disadvantages in equipping itself for the business of life. No community, however well endowed in the intellectual sense, can afford such waste, without grievous damage to its collective competence in the arts of life. It may be answered that wastage of this sort is the natural concomitant of a stratified social system. Doubtless it is; but is it not a reason for changing the system rather than for acquiescing in the waste?

How greatly the existing educational system is selective as between not merely the rich and poor, but as between

upper and lower strata among the poor themselves, can be illustrated by a further example. H. W. Brand published in *Adult Education* in June 1936 an interesting article dealing with educational conditions in West Ham. He there pointed out that the number of secondary and central school scholarships obtained by residents in different wards of West Ham, exposed as a proportion of the total number of pupils in their wards, corresponds with remarkable precision to the relative health and prosperity of the various districts in this essentially working-class borough. The same is true, only to a lesser extent, of scholarships to technical schools and colleges. Not content with this demonstration, Brand goes on to point out that a very close correspondence exists between the number of scholarships obtained by the different wards and their respective rates of infant mortality and juvenile unemployment, and also of numbers of persons in receipt of relief, and to a lesser extent of convictions for drunkenness and other offences; and he also finds a close correlation between educational records and the extent of overcrowding in the various wards.

The Cost of Education. Yet, even as things are to-day, the rich complain mightily that the education of the poor costs far too much money. In 1934, elementary education alone cost, in England and Wales, over £30 million provided from specific parliamentary grants, and another £32 million from local sources. Total public educational expenditure in Great Britain from all sources amounted to well over £96 million, or altogether more than one-third of the total combined yield of income tax and supertax. The rich feel that this is a terrible bill to have to pay on behalf of the poor—if indeed the rich do pay it. But do they? Let us try to face this question, among others dealing with the real distribution of incomes, in our next chapter.

CHAPTER VII: TAXATION AND THE SOCIAL SERVICES

1. Budget Expenditure in Great Britain
2. The Cost and Distribution of the Social Services
3. How the Revenue is Raised
4. Workmen's Compensation: Conclusions

§ 1. BUDGET EXPENDITURE IN GREAT BRITAIN

IN THE YEAR immediately before the outbreak of the Great War in 1914, the total national expenditure of the United Kingdom was under £200 millions, as compared with nearly £900 millions in 1936-37. But even the £200 millions of twenty years or so ago seemed to many of the possessing classes of those days a monstrous figure, threatening "national bankruptcy." Never before 1895 had the total expenditure of the nation reached even £100 millions; and despite the costs incurred during the South African War and the rising price-level it was only about £150 millions when the Liberals came to office in 1905-6. The years of Liberal Government before the war added over £40 millions, and of that more than £15 millions went on increasing the navy. All the "civil services"—including the social services as well as the costs of government (for "social services" were barely yet recognised as a separate category)—cost under £30 millions in 1906 and about £54 millions in 1914. The difference more than represents the combined cost to the State of all the Liberal social reforms, such as Old Age Pensions and National Insurance.

The post-war position is very different. The lowest total for national expenditure in any year since 1919 has been

TABLE L
BRITISH BUDGETS, 1815-1937
(£ millions)

	Revenue	Expenditure	Surplus	Deficit
1815-16 ..	72·2	92·3	—	20·1
1833-34 ..	46·3	45·8	1·5	—
1850-51 ..	52·8	50·2	2·6	—
1870-71 ..	68·2	67·8	0·4	—
1880-81 ..	81·9	80·9	0·9	—
1890-91 ..	89·5	87·7	1·8	—
1895-96 ..	109·3	105·1	4·2	—
1900-01 ..	140·1	193·3	—	53·2
1905-06 ..	153·9	150·4	3·5	—
1909-11 ..	167·8	164·9	2·8	—
(average)				
1912-13 ..	188·8	188·6	0·2	—
1913-14 ..	198·2	197·5	0·7	—
1914-15 ..	226·7	560·5	—	333·8
1921-22 ..	1,124·9	1,079·2	45·7	—
1922-23 ..	914·0	812·5	101·5	—
1923-24 ..	837·2	788·8	48·3	—
1924-25 ..	799·4	795·8	3·7	—
1925-26 ..	812·1	826·1	—	14·0
1926-27 ..	805·7	842·4	—	36·7
1927-28 ..	842·8	838·6	4·2	—
1928-29 ..	836·4	818·0	18·4	—
1929-30 ..	815·0	829·5	—	14·5
1930-31 ..	857·8	881·0	—	23·3
1931-32 ..	851·5	851·1	0·4	—
1932-33 ..	827·0	859·3	—	32·3
1933-34 ..	809·4	778·2	31·1	—
1934-35 ..	804·6	797·1	7·6	—
1935-36 ..	844·8	841·8	2·9	—
1936-37 ..	894·2	893·7	0·5	—
(budget estimate)				

£778 millions in 1933-34, when the "economy campaign" which followed the crisis of 1931 was at its height. Since then expenditure has mounted up again to an estimated total (which is certain to be exceeded on account of re-armament) of nearly £894 millions, the largest figure since the budget year 1921-22, which reflected the level of expenditure during the post-war inflation. In 1936-37 the "national economy" Government is budgeting to spend more than the £881 millions spent by the Labour Government in 1930-31, till now the highest total since the post-war deflation set in.

Is Taxation Re-distributive? Where does this money go? It constitutes not very far short of a quarter of the total national income; and clearly its spending can make a very great difference to the standard of living of the people. It is often alleged that nowadays so large a part of the total income of the nation is re-distributed to the poor through taxation that the gross maldistribution of wealth which is shown by the figures of wealth liable to income tax, surtax and death duties does not exist in reality, and that so much of the plenty of the rich is taken away from them by taxation and used to supplement the incomes of the poor that the rich are no longer really rich at all.

This is plain nonsense. Despite income tax, surtax and death duties the wealth of the rich, as we have seen in a previous chapter, shows no tendency to decrease. Somehow, they are able as a class to pay their high taxes, and still remain rich and continue to accumulate fortunes. Moreover, in the studies which have been made earlier in this book of the standards of living of different social classes, and the numbers of persons and families belonging to different income groups, account has already been taken of all such forms of re-distributive taxation as result in any addition to the money incomes of the poorer classes. The figures there given included in the incomes of the poor whatever came to them in the form of old age or other public pensions, unemployment or health insurance

benefit, unemployment assistance or public relief. The only forms of re-distribution of which we did not then take account are those which transfer to the poor, not sums of money, but free or subsidised services, such as education and houses built with help from public funds.

Nor must it be forgotten that re-distributive taxation by no means always takes from the rich and gives to the poor. It may have, under certain conditions, the very opposite effect. We have to ask, in considering this question, first who gets the money or services which the State and the local authorities provide, and secondly from whom the taxes are raised. For, to the extent to which the poor are taxed to pay for what they receive, no *net* re-distribution occurs; and if they are taxed to pay for sums which then go to the rich, re-distribution takes place at their expense and not for their benefit.

The Heads of National Expenditure. Let us begin by considering who gets the money which the State spends, and then proceed to consider from whom this money is raised. Approximately, leaving out a number of minor items, we can divide up the current national expenditure into six groups—three large and three relatively small. The three large groups are military expenditure, debt services, and social services: the three smaller are costs of government, assistance to private trade and industry, and the “self-balancing” items of public expenditure out of the Road Fund and on the postal services, which we can leave out of the reckoning for the moment because the Post Office collects its revenue not from taxation, but from charges for services rendered, and the Road Fund is also built up by means of a tax which is supposed to fall chiefly on the “road users.”

Of these six groups, the cost of the National Debt is more than a quarter of the total. Armaments expenditure is about a fifth, and rising fast. The social services, including all national grants in aid of local government, are rather more than a third. The “self-balancing” items are more

TABLE LI
THE DISTRIBUTION OF NATIONAL EXPENDITURE
(£ millions)

	1913-14	1924-25	1929-30	1932-33	1935-36	1936-37 estimated
Debt Services	24.5	357.2	355.0	308.5	224.0	224.0
War Services	77.2	114.7	113.0	103.0	136.9	168.2
Education	17.5	48.4	50.1	51.6	55.9	58.0
Health, Labour and Insurance ..	13.8	64.5	85.8	154.7	167.7	162.7
War and Civil Pensions	0.8	71.3	56.2	49.5	45.0	45.0
Contributions to Local Services ..	9.7	14.0	28.6	44.9	45.1	45.2
	41.8	198.2	220.7	300.7	313.7	310.9
Costs of Government and Miscellaneous	26.8	50.9	44.2	48.7	53.2	55.2
Trade and Industry	1.2	4.4	10.4	9.2	18.2	15.8
Payments to N. Ireland	—	3.8	5.5	7.0	7.2	7.5
Road Fund	1.4	15.6	21.9	22.9	25.8	26.5
Post Office	27.4	53.2	62.3	62.2	66.1	69.3
Total State Expenditure	197.5	795.8	829.5	859.3	841.9	879.7

than a tenth; the costs of government, including administration, justice and police, and imperial and foreign services together, are about 6 per cent; and help to private trade and industry, chiefly through subsidies, is about 2 per cent. These six groups together account for about £870 millions of estimated expenditure in 1936-37.

War Services. The war services are clearly not "re-distributive." Their cost has already risen from £103 millions in 1932-33 to £168 millions in the current year, without allowing for recent increases except for the Air Force. What they will actually cost even this year no one knows; but it seems safe to predict that, whatever they cost now, next year they will cost still more. This expenditure has of course some immediate effect in stimulating employment and raising profits. Public expenditure *on anything* has this effect, whenever there is unemployment to be decreased. The only difference in this respect between armaments and, say, housing is that the one produces useful and the other pernicious and unproductive things—though even things pernicious in themselves may sometimes be necessary evils. Re-armament may for the time make for a higher level of economic activity and so increase the total national income; but it is far more likely to pile up profits for rich armament makers than to improve the distribution of wealth—save, of course, to the extent to which any absorption of unemployed workers does raise their incomes and so, for the time, diminish poverty where it is worst.

Re-armament is, at the best, a necessary evil—a diversion of productive resources to positively disproductive use, and the greatest of obstacles to the development of the social services. For the taxpayers, when they are meeting the cost of armaments, are apt to protest that they can spare no money for such "luxuries" as the promotion of the public health, or of better housing or education—though they are in no wise deterred from spending on luxuries which they consume themselves. The preparation for war, as well as war itself, wastes the nation's resources, and causes the

rich to set their faces more determinedly against social reforms of every sort.

The National Debt. The re-distributive part of the national expenditure is found in the other two big groups—the debt service and the social services. The cost of the National Debt in 1936–37 is put at £224 millions. But even this vast sum is very much smaller than was being paid only a few years ago. In 1928 the annual debt charge was fixed at no less than £355 millions, to cover sinking fund for the very gradual repayment of principal as well as the current interest. At that time the interest alone, together with the cost of management of the Debt, amounted to over £300 millions, and the balance was intended to provide for repayments. But since 1928 two things have happened. In the first place, the items of reparations and international war debts have been practically wiped out by an almost general default. Germany has ceased to make reparation payments; the Allies, such as France and Italy, have ceased to pay Great Britain interest on their war-time borrowings; and Great Britain in turn has ceased to make payments to the United States. This general cessation of international payments reduces the total debt charge, without much affecting the British budgetary position; for British receipts from reparations and war debts about balanced the sums paid by the British Government to the United States.

Secondly, the sharp fall in interest rates has greatly reduced the annual charge for the rest of the National Debt, the annual saving on this account being well over £50 millions. Altogether, the charge for interest and management was under £212 millions in 1935–36, and is likely to be about the same during the current year. The appropriation of £224 millions to the debt service is thus intended to provide something for the reduction of principal as well as what is needed to pay the interest, though sinking fund charges have been nominally in suspense ever since the crisis of 1931. Actually, if supplementary estimates for re-armament call for more money than the Chancellor

has provided in the Budget, there is a balance in the sum allowed for debt charges which can be used for armaments at the expense of the sinking fund.

Even at the reduced interest rates now in force, over £200 millions, or well over a quarter of the entire sum collected in taxes, is handed back by the State in the form of interest on the National Debt. It is not, of course, necessarily given back to the same people as have paid it; but clearly the National Debt, as far as it is in the hands of individuals, is more likely to belong to the rich than to the poor, so that the money which the State repays will go, as far as it goes to individuals, mainly to the richer classes. A large part of the Debt, however, is held, not by individuals, but by businesses and institutions. Joint stock companies hold a considerable part of their working capital in this form, because it can be at any time easily pledged to a bank or sold when the money is wanted. Banks themselves hold very large blocks of National Debt, as a suitably liquid investment for surplus funds; and institutions of many kinds, from colleges to hospitals, and from Co-operative or Friendly Societies to Trade Unions, are also large holders.

It cannot, therefore, be argued that the whole of the interest on the Debt is paid back to the rich. But a large part of it is, either directly or through the joint stock companies to which it belongs; and on the whole the redistributive effect of the payment of this interest is clearly likelier to increase than to lessen inequality.

§ 2. THE COST AND DISTRIBUTION OF THE SOCIAL SERVICES

FOR ANY RE-DISTRIBUTION of incomes through taxation in the interests of the poorer classes we must, therefore, look entirely to the third great group—expenditure on the social services. This can be broken up broadly into four main sub-groups—insurance and similar payments to the sick

TABLE LII
PUBLIC RELIEF AND BENEFIT SERVICES
(£ millions)

PAYMENTS MADE		1913-14	1921-22	1922-23	1923-24	1924-25	1925-26	1926-27
Service	Area							
Poor Relief ..	G.B. ..	16½	46	46½	42	41	44½	55½
Health Insurance ..	G.B. ..	14½	24½	25	24½	26	27½	32
Old Age Pensions ..	G.B. ..	10	22	22½	23	25	27	30
Widows', etc., Pensions..	G.B. ..	—	—	—	—	—	—	8
War Pensions ..	U.K. ..	—	88½	75½	68½	66	64	61
Unemployment Insurance	U.K. ..	½	53	42	36	46½	44	36½
TOTALS ..	..	41½	234	211½	194	204½	207	223
CONTRIBUTIONS LEVIED								
Health Insurance ..	G.B. ..	17	25	25	26	27½	27½	24½
Pensions ..	G.B. ..	—	—	—	—	—	—	26
Unemployment Insurance	U.K. ..	2	30½	34	36½	36½	33½	20½
TOTALS ..	..	19	55½	59	62½	64	61	71

PAYMENTS MADE

Service	Area	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36
Poor Relief ..	G.B.	46	44	45	43½	42½	45	47	—	—
Health Insurance ..	G.B.	35½	32½	34½	33	33	32	32	30½	—
Old Age Pensions ..	G.B.	36	47½	49½	53	55	57½	58½	60½	—
Widows', etc., Pensions	G.B.	8	9	10½	17	21	22	22½	23	—
War Pensions ..	U.K.	58	55½	52½	50½	48½	46	44	41½	—
Unemployment Insurance	U.K.	36½	46½	46	92	111	104½	88½	86	86½
TOTALS ..	..	220	233½	238	289	311	306½	292½	—	—

CONTRIBUTIONS LEVIED

Health Insurance ..	G.B.	26½	26	26	26	26	26½	26	26½	—
Pensions ..	G.B.	23½	23½	24	23½	23	22½	23	24	—
Unemployment Insurance	U.K.	31	30	30½	29½	33	38	39½	42	—
TOTALS ..	..	81	79½	80½	79	82	87	88½	92½	—

and the unemployed, pensions to ex-soldiers or their dependants, to the aged, or to widows, orphans or the blind, expenditure on housing and expenditure on education. The first two of these sub-groups take mainly the form of actual payments of money to the poorer members of the community: the other two provide either free or subsidised services. We have, therefore, already taken account of the former sub-groups in our discussion of the effective distribution of wealth, but not of the latter. We must, however, now try to see what part in the current incomes of the poorer classes is played by "doles" or insurance payments made to them under the auspices of the State; and we may conveniently take with these payments the sums paid out in "poor relief" or "public assistance," though the cost is met in that case mainly out of local rates.

Cost of Social Services in 1934. It will be seen from the figures on pp. 328 and 329 that in 1934—the last year for which complete particulars are available—the benefits paid out in the form of insurance payments, public assistance and pensions amounted altogether to £289 millions. Of this total the largest lump was paid out to the unemployed—not yet divided into two segregated classes quite as they are to-day, but already subject to the Means Test as soon as their limited claims to ordinary benefit were exhausted. In 1934 unemployment insurance, including transitional benefits, accounted for £86 millions. Old Age Pensions, together with Widows' and Orphans' Pensions, accounted for over £81 millions, and War Pensions for £43 millions. Health Insurance benefits came to rather over £30 millions, and the total cost of Poor Relief to over £47 millions.

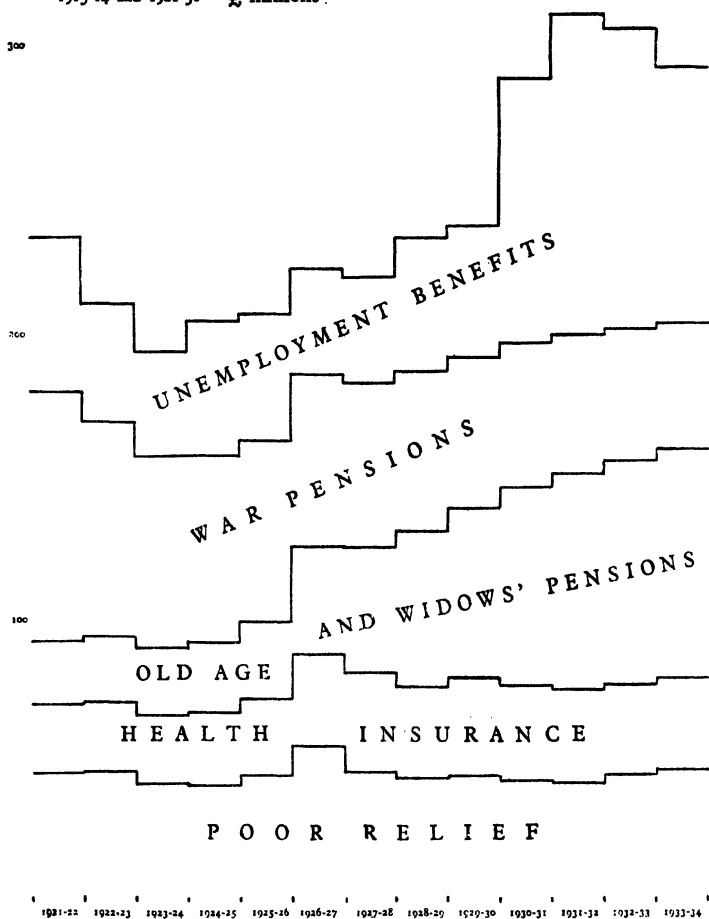
Who Pays for these Services? These large sums, however, were by no means all paid out of rates and taxes. Nearly £92 millions, or not far short of a third of the total cost, was met out of contributions levied either directly upon the employed workers or upon their employers.

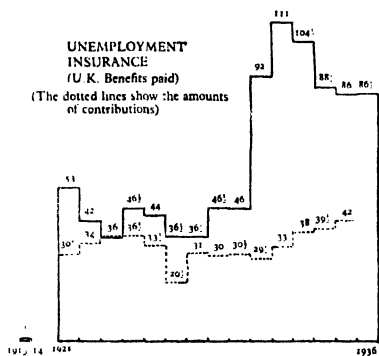
Clearly the workers' contributions, or roughly half this sum, came directly out of wages. It is not quite so easy to say who finally pays the employers' contributions, for there seem to be three possibilities. The first is that the consumers pay, by being charged more for the goods and services they buy. This seems the likeliest solution; for the employer will evidently regard his contributions to social insurance as costs just like any other costs, and will try to recover them in the prices of the goods he sells. The second possibility is that the employer has to meet the burden by accepting smaller profits. But will he do this? Will he not rather, if he cannot pass the charge on to the consumers, decrease production and employment until he has restored his profits by selling less goods at a higher price? There remains the third possibility—that the employer, arguing that labour is of no greater value to him after insurance than it was before, will meet the charge by reducing wages, so that the workers will in fact be bearing both the employers' contributions and their own. This last is in fact what is likely to happen when the employer fails to make the consumers pay; for when he decreases production and employment in order to restore his profits he also weakens the bargaining power of labour and puts himself in a stronger position for reducing wages.

Either as consumers or as wage-workers the poorer classes are likely to be made to bear most of the cost of the employers' contributions as well as their own. Apart from these there remains a sum of rather less than £200 millions which is now paid out chiefly to the poorer classes in insurance benefits, pensions and public assistance out of rates or taxes. This is approximately equal to the sum which is paid exclusively out of taxes mainly to the richer classes as interest on the National Debt.

Variations in Cost since 1921. In one of the accompanying graphs we have shown how the total payments under the various schemes of social insurance, pensions

PAYMENTS OF BENEFITS AND RELIEF
OUT OF PUBLIC FUNDS AND CONTRIBUTIONS
1913-14 and 1921-36 £ millions.

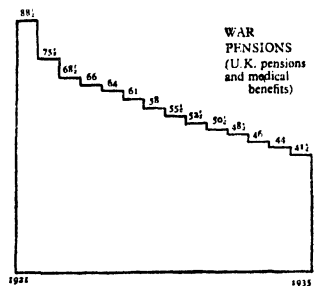
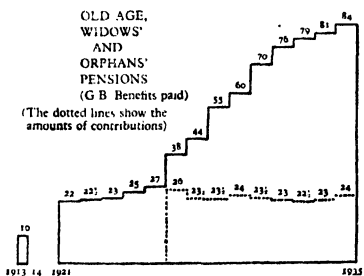
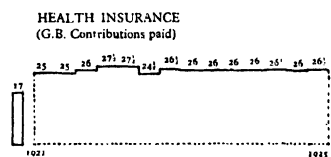
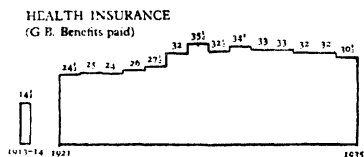
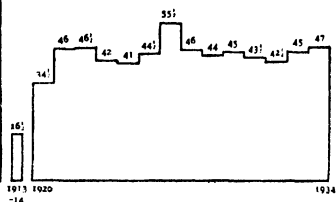




EXPENDITURE ON PENSIONS AND BENEFITS OUT OF PUBLIC FUNDS INCLUDING CONTRIBUTIONS.

1913-14 and 1921-36 £ millions

POOR RELIEF
(G.B. Total Expenditure)



and public assistance have varied since 1921. It will be seen that Poor Relief has remained remarkably stable over the whole period, except in 1926, when the prolonged mining dispute occasioned large exceptional measures of relief. The world depression which began in 1929-30 caused at first no rise in poor-law expenditure, which actually fell until 1931-32. During this period, the unemployed in many cases used up their savings before appealing for public help. Thereafter, partly as a consequence of the disallowance of claims or the reduction of the benefits allowed under the unemployment insurance scheme, the cost of poor relief began to rise, so that the total was higher in 1933-34 than in any post-war year except 1926-27.

Health insurance also has been a fairly stable item, rising gradually with growing population and slight improvements in the scheme up to 1927-28, and falling away markedly after 1930 as a result of the "national economy" campaign. Here we may notice how very high a proportion of the total cost is met out of contributions, and how small is the State's share. In recent years, benefits have varied from £33 millions to rather over £30 millions, and £26 millions or more has been collected annually in compulsory levies on employers and employed. In 1934 the State contribution to Health Insurance was only about £6 millions.

The next two spaces on the graph ought to be considered together. In 1921-22 Old Age Pensions and War Pensions together amounted to about £110 millions. In 1934-35, with Old Age Pensions payable to contributors at 65 and Widows' and Orphans' Pensions added, the total paid out was £125 millions. But in the meantime the State had begun to collect contributions in aid of its new schemes; and in 1934-35 £24 millions was collected in this way. Thus the all-in cost of pensions to the State had actually fallen, and the net benefits paid out were less by £9 millions than in 1921-22. In effect, the new schemes of Old Age and Widows' Pensions have been financed, not by additional taxation, but partly out of contributions and partly out

of savings on War Pensions, which fall steadily year by year as the last Great War recedes into the distance.

If we add together the benefits paid out in poor relief, health insurance and pensions of all sorts (except regular naval and military and civil service pensions) in 1921-22 and in 1933-34 we get totals of £181 millions and £204 millions respectively. But if from these totals we deduct the sums contributed—£25 millions and £49 millions—we get net totals of £156 millions and £155 millions: so that here again the *net* total re-distributed in these ways through taxes and rates has not risen but slightly decreased. But this calculation leaves out the payments made to the unemployed.

Up to 1930 the inclusion of these payments would not have greatly altered the position. In 1929-30 unemployment benefits amounted to £46 millions and contributions to over £30 millions. Adding the balance, we get a net total of rather over £170 millions re-distributed through poor-law and social insurances and pensions in 1929, as against £156 millions in 1921. This does not represent any very rapid advance of re-distributive taxation.

But from the beginning of the world slump the sums paid out to the unemployed soared fast, rising from £36½ millions in 1927-28, and £46 millions in 1929-30, to £111 millions in 1931-32. The steepness of the rise can be readily observed from either of the two graphs on pp. 332-33.

As we have seen in an earlier chapter, the immediate response to this situation was the agitation for the imposition of the Means Test, and the deliberate intensification of the "financial crisis" which drove the Labour Government from office. Thereafter, everything possible was done to cut down payments to the unemployed, and by 1934-35, with a rather smaller number on the register, the amounts paid out in "doles" had dropped by £25 millions, while the sums collected in contributions had risen by £9 millions on account of the imposition of higher rates. Even so, as we have seen, the "economy campaign" at the expense of the unemployed was not at an end. The new

scales of the Unemployment Assistance Board, while they will not reduce aggregate expenditure, are designed to cut down the "doles" of those who are regarded as too generously treated, so as to afford something to quieten unrest elsewhere at the expense of the unemployed themselves and not of the richer taxpayers.

If the net amount of re-distributive taxation is now greater than it was just after the war, this is almost entirely due to the unavoidable increase in total relief payments to the unemployed since the slump, and hardly at all to any development of social policy in the interests of the poorer classes generally. It is, of course, true that re-distributive taxation is now very much larger than it was before the war, when it was only just beginning. But though the gains made during the period of "post-war reconstruction" were considerable, there has been since then no substantial further progress in this field.

Free and Subsidised Services. We have, however, not yet considered the remaining form of re-distribution, which grants to certain sections of the community, not additions to their money incomes, but free or subsidised services. The principal services in this category are education and housing, which have been dealt with separately in previous chapters. We must now briefly reconsider these two services in their re-distributive aspect; and with them we must take into account the more general changes in the financial relationships between central and local government.

The following table shows, in summary form, the expansion in State expenditure on the social services as a whole, including those aspects of it which we have considered already. It will be seen that national expenditure on education rose from about £17½ millions before the war to £59½ millions in 1921-22, and then fell off sharply, largely on account of salary-reductions as prices declined, to £47½ millions in 1923-24. Since then the increase in the numbers of schoolchildren, together with some improvements

TABLE LIII
STATE EXPENDITURE ON CERTAIN SOCIAL SERVICES

(£ millions)										
Service	1913-14	1921-22	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28		
Education ..	17.5	59.4	49.6	47.4	48.4	48.2	52.7	53.3		
Health, Labour and Insurance ..	13.8	72.9	61.0	59.4	64.5	65.2	74.5	72.9		
War and Civil Pensions	0.8	95.8	82.6	71.5	71.3	70.4	65.8	62.3		
Contributions to Local Services ..	9.7	11.2	10.5	13.7	14.0	14.5	14.2	15.4		
TOTALS ..	41.8	237.3	203.7	192.0	198.2	198.3	207.2	203.9		
<i>Continued</i>										
Education ..	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36	1936-37 estimated	
Health, Labour and Insurance ..	49.5	50.1	55.1	55.4	51.6	51.1	52.8	55.9	58.0	
War and Civil Pensions	75.9	85.8	107.7	121.3	154.7	150.7	150.8	167.7	162.7	
Contributions to Local Services ..	58.7	56.2	54.6	52.1	49.5	48.6	46.8	45.0	45.0	
TOTALS ..	15.2	28.6	44.8	44.9	45.0	45.3	45.4	45.1	45.2	
TOTALS ..	199.3	220.7	262.2	273.7	300.8	295.7	295.8	313.7	310.9	

in educational standards, has brought the total back to £58 millions in the current year.

To these sums must of course be added the amounts spent by local authorities out of rates. In 1921-22 these amounted to over £36 millions and in 1931-32—the latest year for which there are full particulars—to rather under £45 millions, before the “economy cuts” of 1931-32. These totals compare with well under £16 millions before the war. The total public expenditure on education—national and local—is thus now well over £100 millions a year.

Despite the great increase in subsidised housing, State expenditure on the housing service is very much smaller than on education. For houses are let, and not given away; and even in the most heavily subsidised schemes the tenants pay the greater part of the economic rent. It will be seen from the accompanying table that housing has been throughout the post-war period—at any rate after the collapse of the inflated building costs of 1920-21—a relatively cheap service, which may help to explain both its popularity with successive Governments and the peculiar lines which housing policy has generally followed.

Under the Addison scheme, just after the war, the annual cost of housing to the State rose from nothing to nearly £10 millions. It was then brought down by Mond and Chamberlain to under £8 millions; and all the subsequent housing and slum-clearance schemes have only raised it to £14½ millions in 1936-37. The additional charge upon local rates is still well under £4 millions a year.

Housing, including slum-clearance and town-planning, thus still costs only about £18 millions a year, including both national and local expenditure; and the effect of housing subsidies on the re-distribution of incomes cannot in these circumstances be at all considerable. Moreover, as we have seen, the new house-building, even with the aid of subsidies, has been mainly for the benefit not of the main body of manual workers, but of the classes next above them in terms of income; so that such re-distribution

TABLE LIV

HOUSING

Total Expenditure by (a) the State (b) Local Authorities
(including State grants).

(£ millions)

Year	National Housing Expenditure	Local Authority Expenditure		
		Out of Rates only England and Wales	Out of Rates, Grants, and Receipts from Rents, etc., G.B.	Out of Loans G.B.
1913-14	.. —	0·4	1·1	0·8
1919-20	.. —	0·6	1·8	5·6
1920-21	.. 3·1	1·2	4·8	56·1
1921-22	.. 9·1	1·1	11·2	90·6
1922-23	.. 9·7	0·9	16·2	35·6
1923-24	.. 7·9	0·8	18·2	14·1
1924-25	.. 8·1	1·3	20·2	27·8
1925-26	.. 7·8	1·7	23·7	52·2
1926-27	.. 8·4	2·3	29·1	72·8
1927-28	.. 9·5	2·3	35·7	74·3
1928-29	.. 10·7	2·4	40·7	45·6
1929-30	.. 11·1	2·6	39·8	48·0
1930-31	.. 11·9	3·1	43·0	41·7
1931-32	.. 12·7	3·1	45·4	44·9
			E. & W. only	E. & W. only
1932-33	.. 13·3	3·1	41·8	28·2
1933-34	.. 13·4	—	—	—
1934-35	.. 13·8	—	—	—
1935-36	.. 13·9	—	—	—
1936-37 (estd.)	.. 14·4	—	—	—

TABLE LV

**PUBLIC EXPENDITURE ON
EDUCATION BY LOCAL EDUCATION
AUTHORITIES IN GREAT BRITAIN**

(Including expenditure out of national grants as well as local rates, but excluding expenditure out of loans for capital works)

(£ millions)

		1913-14	1924-25	1929-30	1932-33
Elementary ..	..	26·2	58·7	64·3	62·5
Higher ..	..	5·5	15·2	19·3	20·1

as has taken place has been mainly in the interests of the better-off sections of the working population and not of the "bottom-dogs." Slum-clearance does directly affect the really poor; but it accounts for a quite small fraction of total housing expenditure.

In the case of education too a large part of the growth of public expenditure has been directed principally to the middle groups. Between 1913-14 and 1932-33 the expenditure of local authorities in England and Wales on elementary education rose by 138 per cent. But over the same period their expenditure on higher education rose by 265 per cent—both figures including expenditure out of Government grants as well as local rates. Public secondary education has been developing much faster than elementary education; and, while it is by no means suggested that progress even in secondary education has been nearly rapid enough, it has to be recognised that its principal effect, under existing conditions, is to add to the real incomes of the intermediate rather than of the poorer social groups.

The Benefits to the Black-coats. In fact, in both housing and education, public policy has been directed rather to improving the economic and social conditions of the "black-coats" and the higher groups among the manual workers than to raising the real incomes of those who are lowest in the social scale. The effects are socially good, as far as they go—for these groups are also in need of betterment. But the fact remains that re-distributive social services, as well as improvements in wages, are apt to miss the "bottom-dogs" and to redound chiefly to the advantage of a minority of the "working class," and especially to those sections of the people who are near the borderline between the "proletariat" and the "bourgeoisie."

Nor is this tendency merely accidental; for undoubtedly the policy of capitalism is to strengthen its own position by reinforcing, as far as it can without sacrificing its own monopoly, the superior status of the intermediate social groups. These groups, if they were allowed to become degraded and impoverished, would be likely to turn dangerous, and to become the leaders of some sort of revolutionary crusade. In order to prevent them from becoming Socialists, it would be necessary to turn them into Fascists, and so give them at least a sense of revolutionary effort. But the British ruling classes do not want to invoke Fascism, if they can avoid it, though they would far sooner invoke it than risk the loss of their possessions. They prefer, if they can, to go on ruling in the old way, under the forms of parliamentary democracy; and their best chance of being able to do this lies in keeping a relatively prosperous and contented intermediate class between themselves and the poor. Therefore, when they use taxation as a means of re-distributing incomes, in a small way, they will be better pleased if the benefits accrue chiefly to the black-coated and the highly skilled minority among the manual workers than if they are diffused among the far more numerous poor. It is bound to cost far more, and to threaten the monopoly of riches far more seriously, to attempt the raising of the very poor to a decent standard

of life than to confer a bonus on the far smaller number of workers who have already a small surplus above the bare costs of existence.

§ 3. HOW THE REVENUE IS RAISED

SO FAR, HOWEVER, we have been considering only the expenditure of the public revenues, whereas it is necessary to consider in addition how these revenues are raised. The one substantial part of the national expenditure of which we have so far said nothing is the annual sum contributed out of national taxation to the assistance of local government. This contribution has increased from under £10 millions in 1913-14 to more than £45 millions to-day, apart from the sums granted by the State in aid of education, housing and other specific services.

De-Rating. The greater part of this increase is directly due to the Chamberlain Local Government Act of 1929. It is the effect of "de-rating"—that is, of the exemption from the greater part of their past contributions to local rates of industrial and other productive enterprises. Under the "de-rating" scheme agricultural holdings were wholly exempted from local rates, and industrial properties relieved of three-quarters of the charges previously levied upon them. The consequences of this "reform" were that, on the pretext of stimulating "business enterprises," the burden of local rates was left to fall almost wholly upon the local householders. Rates thus became, even more than before, a regressive tax, quite unrelated to real ability to pay; and the injustice was aggravated by the fact that the charges falling on local rates were highest in the depressed areas, in which the ability to pay was least.

The State was compelled, if local bankruptcy was to be avoided, to make up to the local authorities the losses occasioned by the "de-rating" of productive properties;

and this was done by an increased and graded State grant-in-aid which was to some extent weighted in the interests of the poorer areas. The higher grants now made by the State to the local authorities represent, however, not a re-distribution of incomes between rich and poor, but a compensation accorded out of the taxes for the exemptions granted to capitalist enterprise. They involve, not re-distribution, but preservation at most of the *status quo ante* as between social classes; and to the extent to which the local authorities find themselves compelled to embark upon additional expenditure, they cease to mean even that. For now the local householders must pay the increase, with little or no contribution from the enterprises which profit by employing the local labour.

The Sources of Public Revenue. This, however, is only a small part of the readjustment of the system of taxation that has taken place in recent years. In the table on p. 344, the main sources of public revenue have been grouped under four general heads. The first and largest of these groups includes those taxes which fall chiefly upon incomes and property—that is, upon the rich and the middle classes and the better-off minority of salary-earners and highly skilled wage-earners. The second group includes customs and excise—that is, the taxes falling directly upon commodities. In 1913-14 these two groups accounted respectively for £88 millions and £75 millions paid in taxation.

In 1924-25 the balance of taxation had shifted somewhat away from duties on commodities, and towards taxes on incomes and property. At the much higher levels of taxation made necessary by the huge growth of national expenditure, the first group now accounted for £419 millions and the second for £234½ millions. Taxes on incomes and property had risen by 376 per cent., and taxes on commodities by 212 per cent. Meanwhile, the rise in the National Debt had, as we saw, altered the balance of national expenditure; so that over £300 millions was

TABLE LVI
THE NATIONAL REVENUE
(£ millions)

	1913-14	1924-25	1929-30	1932-33	1935-36	1936-37 (estimated)
Income Tax and Surtax	47.2	316.5	293.8	312.1	289.1	315.5
Death Duties	27.4	59.4	79.8	77.1	87.9	89.0
Duties on Excess and Corporation Profits	—	18.8	2.2	2.2	1.3	0.8
Duties on Land and Houses	3.4	1.4	0.9	0.8	0.8	0.8
Stamp Duties	10.0	22.8	25.7	19.2	25.8	27.0
Total falling mainly on Incomes and Property	88.0	418.9	402.4	411.4	404.9	433.1
Customs	35.4	99.3	119.9	167.2	196.6	207.5
Excise	39.6	135.1	127.5	120.9	106.7	110.0
Customs and Excise	75.0	234.4	247.4	288.1	303.3	317.5
Post Office (Net Receipt)	5.2	5.4	9.5	11.1	11.7	11.3
Motor Duties (Exchequer Share) ..	—	4.0	5.0	5.0	5.0	5.0
Other Tax Revenue	5.2	9.4	14.5	16.1	16.7	16.3
Crown Lands	0.5	1.0	1.3	1.2	1.4	1.4
Receipts from Loans	1.6	11.9	32.6	5.1	4.9	5.0
Miscellaneous Receipts	2.3	41.4	36.4	22.9	21.7	25.3*
Non-Tax Revenue	4.4	54.3	70.3	29.2	28.0	31.7*

* Includes £5 millions from Road Fund.

being paid back in interest to the bondholders. Nevertheless, the tax system had been to some extent readjusted, so as to bear more heavily on the larger incomes. Income tax, surtax and death duties had all come to be much more steeply graduated; and, while the lower limits of taxes on incomes had been extended to include a far larger section of the people, on balance the rich were paying relatively more than before.

Changes since 1931. Since then, and especially since 1931, the tendency has been sharply reversed. If tax receipts in 1924-25 are compared with the estimates for 1936-37, taxes on incomes and property have increased only by a little over 3 per cent., whereas taxes on commodities have increased by $35\frac{1}{2}$ per cent. The tax system as a whole has become definitely more regressive, even apart from the increase in levies made on the poorer sections of the people in the form of social insurance contributions, which are virtually taxes, and from the more regressive incidence of local rates since the Chamberlain "reforms." Taxes on property and incomes have still increased more than taxes on commodities if 1936-37 is compared with 1913-14. But whereas in 1924-25 the former group accounted for 64 per cent of the combined total, in 1936-37 it accounts for only $57\frac{1}{2}$ per cent.

This shift in the character of the tax system is, of course, mainly a consequence of the abandonment of Free Trade and the adoption of a general tariff on imports from foreign countries. The yield of Customs has more than doubled since 1924-25, whereas the yield from excise duties has actually fallen. In 1924-25 the most burdensome taxes on the poor were the excise duties. But to-day, while the yield of the excise is 178 per cent above that of 1913-14, the yield of Customs is up by 486 per cent; and though Customs do not fall exclusively on the poorer classes, a general tariff, such as Great Britain now possesses, is liable to be more regressive in its incidence than a higher tariff concentrated more largely upon luxury goods.

Making the Poor Keep the Poor. The tax system has thus been getting definitely more unfavourable to the poor; for, as we have seen, the increasing regressiveness of the methods by which the public revenue is raised have not been accompanied by any steady development of re-distribution through the social services. The sums needed for paying allowances to the unemployed under the means test are, in fact, being mainly raised from the poor by means of indirect taxation. Those in work pay for those who are out of work. The "wages fund" is spread over the entire working class, whether employed or not. The rich manage to keep the poor alive, and to stave off revolution, without having to pay for their maintenance. There is evidence in the figures of a large unused reserve of taxable capacity among the richer classes, who are escaping to-day with a lighter tax burden in relation to their numbers and wealth than in 1924-25.

§ 4. WORKMEN'S COMPENSATION: CONCLUSIONS

THERE IS indeed one additional form of poor man's income of which account ought to be taken, less because of its absolute magnitude than because of its psychological effects. That is workmen's compensation for accidents and for certain industrial diseases. In 1913-14 the total sum paid out in workmen's compensation was rather less than £3½ millions. It is now rather under £6 millions, having fallen off somewhat during the slump on account of decreased total employment. This money does not, of course, come out of taxes. It is paid chiefly through insurance companies, out of premiums paid by business firms. Its total effect in adding to the incomes of the poorer classes is quite small; but it does lessen one of the most devastating forms of hardship to which the workers are subject. Compensation is, indeed, still payable only on an

inadequate scale; for it is limited to half the previous weekly earnings in cases of total incapacity, and subject to a maximum of 30s. a week. The workman who meets with a serious injury at work still suffers very heavily for it; and his family suffers with him. Nevertheless, the recognition of the right to compensation has made a substantial difference, especially in such dangerous occupations as coal-mining. The disabled, or partially disabled workman, is no longer left wholly to the mercies of the poor law. He can claim to receive a small income as of right; and the possession even of this pittance improves both his status and his self-respect.

Total Spent on Social Services. In 1934, as we have seen, the total sum paid out in social insurance benefits, pensions, unemployment assistance and poor relief was about £290 millions, as against about £92 millions collected in contributions under the various schemes. In addition to this, the State spent about £14 millions on housing, and the local authorities about £4 millions. On educational services the State spent £53 millions, and the local authorities about £45 millions.

Adding these totals together, we get, allowing for the increase since 1934, about £420 millions of national and local public expenditure directed to social insurance benefits, housing and education. This covers most of the social services; but there remain the public health activities of the local authorities, which are for the most part not aided by specific Government grants. On public health services the local authorities in England and Wales spent in 1932-33 approximately £46 millions, which is about the same as the sum which they received in Government grants unallocated to specific services. If we assume the same proportion to hold good for Scotland, we can reasonably assume that the Government's unallocated grants in aid of local government roughly balance the total expenditure in public health. Adding the £45 millions thus granted in Great Britain for 1936-37, we get

a grand total for all the main social services of about £465 millions. Deducting only the workmen's and not the employers' contributions to the various insurance schemes, we get a final total of about £420 millions.

It must not, of course, be assumed that the whole of this sum accrues to the poor. The well-to-do share directly in the benefits of public health and higher educational services, and the relatively prosperous have hitherto got much more benefit from public housing services than the very poor. War Pensions are not paid only to poor people; and the various social insurance schemes extend some distance up the social scale. It can, however, be said that all this group of expenditure is to some extent redistributive in its effects.

Allocation of Amount Levied. As against this total of £420 millions, the total sum levied in taxes, local rates, and employers' contributions to insurance schemes is about £980 millions. Thus, about 40 per cent of total public income is spent on the social services in the broadest sense, and about 20 per cent goes by way of regressive redistribution in interest on the National Debt. Armaments account for about 17 per cent of the total; and most of the balance represents the costs of civil government, national and local, including the administrative costs of some of the social services themselves. These proportions are only very rough; but they give at any rate a general idea of the situation.

Clearly the real income of the poorer classes, including the income groups next above the wage-earners, includes nowadays a quite considerable fraction that accrues in the form of "social services" rather than earnings. According to Clark's estimate of the distribution of incomes in 1929, the 15½ million income-receivers with less than £250 a year had an aggregate income of about £2,150 millions. This estimate was made after including the sums of money transferred to the poorer classes by re-distributive taxation. Taken at £245 millions, these sums represent

no less than 11 per cent of the incomes of all those with less than £250 a year. If the £165 millions spent on education, housing and public health services all accrued to these sections of the people—as, of course, it does not—it would represent an addition to their *gross* incomes of roughly $7\frac{1}{2}$ per cent. Probably 5 per cent is in fact a more reasonable estimate.

How Much do the Rich Give to the Poor? This, however, is not a *net* addition; for the poor, as we have seen, are being called upon to pay an increasing share in the taxes and rates out of which these services are provided for them. In fact, out of the £420 millions spent on the social services, the greater part is levied on the recipients in the form of local rates, taxes on commodities, and taxes on the smaller incomes and estates passing at death. No one can make a satisfactory final calculation of the total contributions made by the rich to the support of the poor. But it has been, we think, clearly shown that it is really much smaller than the crude figures would at first sight suggest. Yet such is the effect of skilled propaganda that when Government orators and newspapers juggle with the huge figures of current expenditure of the social services many of the poor are deluded into thinking that the rich are being wonderfully generous, and quite few have any suspicion of the extent to which they themselves are made to pay for these “rare and refreshing fruits.”

CHAPTER VIII: PRODUCTION

1. Production and Consumption
2. Production, Employment, and Mechanisation
3. The Technical Possibility of Increased Production
4. The Social Possibility of Increased Production

§ 1. PRODUCTION AND CONSUMPTION

AS SOON as we begin to discuss the means of doing away with the poverty described in the first part of this book, we have necessarily to consider by how much it is possible to increase the total wealth of the community, or, in other words, the output of goods and services for consumption or exchange. This is not, indeed, the only influence affecting total wealth or real income; but it is bound to be by far the most important in relation to any rise in the British standard of life. The total consumption of the British people to-day is made up of three elements: what it produces and consumes at home, what it obtains for consumption in exchange for current exports, and what it obtains for consumption as tribute upon past investments of British capital overseas. Total consumption can be increased by increasing any or all of these elements, and also, to a limited extent, by diverting to consumption goods which are at present invested at home, or to the purchase of consumption goods either the interest or the principal of capital at present invested abroad.

Overseas Investment. Thus, it would be possible to increase current consumption by gradually selling off British overseas investments and using the proceeds to buy additional foodstuffs and other consumption goods abroad. This would make possible for a time a quite large

expansion in total consumption. British overseas investments have been put tentatively at not less than £4 to £5 thousand millions. Total British imports, less re-exports, were valued in 1935 at about £700 millions. If, then, British imports were doubled in quantity, and prices remained unchanged, the sale of investments abroad could pay for the increased imports for six or seven years. It is not, of course, suggested that this could happen in fact: the intention is merely to indicate the relative magnitudes.

But the sale of these investments would in the meantime be reducing the sums available under present conditions for the purchase of imports. In 1935 British income from overseas investments was about £185 millions. At the end of the process of selling our overseas holdings, British power to buy foreign goods would be diminished by this amount annually, less any part of it which is now applied to the making of fresh investments overseas. Again unchanging prices and yields of dividends and interest are assumed for the purpose of the argument.

We are not now considering whether it would be a good thing politically for Great Britain to be rid of these overseas holdings of capital. All we are concerned to show is that their sale could not raise the British standard of living for more than a limited time, or do even this without producing reactions which would tend to lower the standard later.

Secondly, it would be possible to cease all new foreign investment, including investment in the Empire, and devote the sums now used for such investment to buying additional imports for consumption. At one time, our new foreign investments were large enough for this to have made a considerable difference to the British standard of living. To-day our net investment abroad is so small that its diversion to consumption could make little difference.

The "Terms of Trade." Thirdly, we could consume more without expanding our own production if what

economists call the "terms of trade" shifted in our favour, so that each unit of British exports could buy more importable goods. If this happened through a fall in the prices of imports, our real yield from past foreign investments would also be increased. But such a shift in the terms of trade seems most unlikely to occur. Between 1924 and 1933 the prices of British imports fell on the average by over 45 per cent, whereas the prices of British exports fell by only 33 per cent. The "terms of trade" thus shifted by about $22\frac{1}{2}$ per cent in Great Britain's favour. But since 1933 the current has been reversed. The average price of exports remained practically the same in 1935 as in 1933; but import prices rose by over 5 per cent, and the terms of trade worsened to a corresponding extent.

It is highly unlikely that the current will be reversed again in the near future. Between 1929 and 1933 the prices of foodstuffs and other primary products, which Britain chiefly imports, fell much more sharply than the prices of manufactured goods, largely because it is far easier to curtail the output of industry than of agriculture, with its host of small producers. The prices of primary goods reached a low level which was ruinous for their producers in most countries, and devastating in its economic effects in the countries which rely chiefly on the sale of such goods. Recovery from world depression was possible only if the prices of primary products rose; and the rise that has occurred has been a most important factor in the partial world recovery of the past three years. The prices of British imports are far more likely to rise further than to fall in the near future in relation to export prices. In economic parlance, the "terms of trade" are more likely to worsen than to improve.

This may not be at all a bad thing for Great Britain, as well as for the rest of the world; for the improvement in the economic position of the primary producers may enable them to buy more British exports, even if they give less of their own goods in exchange for each unit that they buy—or rather positively because they give less.

But it does mean that the standard of living of the British people cannot be expanded by buying more imports without giving more in exchange. Unless therefore we sell off our foreign investments, we can import more only by exporting more. Indeed, if the "terms of trade" worsen, we shall need to produce more for export in order to keep our imports at their existing volume.

Raising the Standard of Life. The possibility of any lasting improvement in the British people's standard of life must therefore depend either on increased production or on better distribution of the national income. It is, however, clear that improved distribution of income *by itself* can by no means solve the problems presented in the first part of this book. Average income *per family* is at present not more than £200 a year, or say £4 a week; and even if this average were distributed with regard to the size of the families to be supported, on a basis of strict equality, there would not be nearly enough to afford a reasonable standard of life. Re-distribution is important, both because the existing inequalities involve monstrous injustice, and because a more equal distribution would unloose forces making for a rapid increase in the total volume of production. Economically the second of these reasons is of a greatly superior order of magnitude to the first.

The fundamental problem is to bring about a greatly increased total production of goods and services, to be either consumed at home or exchanged for imports of consumable goods. By how much, then, ought it to be possible to increase total production within a reasonably short period of time?

The answer to this question involves two quite different sets of considerations — technical and social. For the amounts of goods actually produced are the resultant of interacting technical and social forces. As the technique of production improves, it becomes practicable in a technical sense to increase total output. But it may not become

socially possible, unless social organisation makes a comparable advance. Technical progress is indeed almost certain to lead to some advance in total production, or at the least to advances in particular fields. But the total and the particular advances may both in fact fall far short of what is technically possible, because the social organisation is not adjusted to the task of disposing of the whole of the potential increase in output. Under capitalism the economic system produces not as much as possible, but as much as corresponds to the maximum expectation of profit in the minds of those who control the economic machine; and the second total is in fact very much smaller than the first.

§ 2. PRODUCTION, EMPLOYMENT, AND MECHANISATION

LET US CONSIDER first, without concerning ourselves with the limitations of the social structure, what are the technical possibilities of increasing total output. And, as a preliminary to this, let us see how total output has actually varied in recent years. We have, indeed, no direct means of measuring total output of all classes of goods and services : we are compelled to draw broad conclusions from distinct sets of data dealing with production in a number of different fields.

Index Numbers of Production. In the first place, the Board of Trade now publishes every quarter an index number of industrial production, based on a weighted average of the available figures of actual production in a number of industries. The base year for this series was originally 1924; but the Board of Trade has recently revised its weighting, and produced a new index number based on 1930, which is not strictly comparable with the older series. We can, however, say with sufficient accuracy that, in the official view, total industrial production in

the industries covered by the index—it includes all the major branches of industrial output, but not distribution or services generally—had risen by roughly 15 per cent between 1924 and 1935, and by well over 20 per cent by the first quarter of 1936.

This rise, however, had not been continuous. Between 1924 and 1929 the official index rose by 12 per cent. It then slipped back, till in 1932 it was 8 per cent below the level of 1924, and 18 per cent below the level of 1929. It then rose again by 26 per cent from the low point of 1932 to 1935, and further still in 1936.

Besides the official Board of Trade index, there exists an unofficial index of industrial production, prepared by the London and Cambridge Economic Service. This index is more “sensitive” to short-period changes than the official index; but it includes fewer industries, as it is designed to appear more promptly and has therefore to be content with the figures that come soonest to hand. For the years between 1924 and 1929 it records a rate of increase not differing much from the official record—a rise of 11 as against 12 per cent. But thereafter it shows a far bigger drop to 1931 and 1932, followed by a larger rise from 1932 to 1935. Over the whole period from 1924 to 1935 it records a much smaller increase than the official index—only 8 per cent as against the Board of Trade’s 16 per cent.

In addition to these two series we have, for two years only, the results of the official Census of Production, which was taken in 1924 and in 1930. This census excludes very small establishments, but it is considerably wider in range than either of the index series. According to the Census of Production estimates, the volume of industrial production was about 8 per cent larger in 1930 than in 1924, whereas the Board of Trade index would make it out to be only 3 per cent larger, and the London and Cambridge estimate actually 4 per cent smaller. There is, unfortunately, no later census estimate; but it is at least plausible to suggest that for 1930 the census figure comes a good deal nearer the truth than either of the others, and that a new census is

TABLE LVII
RECENT INDICES OF PRODUCTION
AND EMPLOYMENT

	Board of Trade Index of Industrial Production		Census of Production Volume of Industrial Output	Index of Employment in Insured Trades	London and Cambridge Economic Service Index of Production
	Old Index (1924=100)	New Index (1930=100)	(1924=100)	(1929=100)	(1924=100)
1924	.. 100	—	100	93	100
1925	.. —	—	—	94	97
1926	.. —	—	—	89	—
1927	.. 107	—	—	98	108
1928	.. 106	—	—	98	102
1929	.. 112	—	—	100	111
1930	.. 103	100	108	96	96
1931	.. 103	—	—	92	84
1932	.. 92	—	—	92	85
1933	.. 98	—	—	95	91
		1930=100			
1934	.. 111	106	—	99	102
1935	.. 116	114	—	102	108
1936 1st qr.	—	123	—	103	116
1936 2nd qr.	—	—	—	106	118

likely to show that the real increase since 1930 has been a good deal underestimated in both index series.

How do these discrepancies arise? Any estimate of total production over industry as a whole is affected first by the nature of the industries included or excluded, and secondly by the relative weights assigned to them in compounding the index. The inclusion or exclusion of particular industries is determined chiefly by the speedy availability or the absence of representative data concerning their output. This leads to the inclusion of all the great basic industries, and the exclusion of a great many minor or scattered industries and newer trades. But of late years the basic industries have been declining in absolute or relative importance, and new trades have been arising at a great rate. The Census of Production includes these new trades: the two index numbers largely leave them out. It used to be argued that an index including the basic materials would fairly adequately measure total output, because an expansion in the finishing trades would be reflected in an increased demand for basic materials. But in face of the rise of lighter branches of manufacture, using much less raw material in relation to the cost of the finishing processes, this argument is no longer valid. The changes in output can be measured nowadays only by taking full and direct account of changes in the finishing trades.

The Growth of Total Production. It seems probable, then, that up to 1930 total industrial production was increasing a good deal more rapidly than was shown by the current indices. And, almost certainly, the total production of goods and services was growing a good deal faster than industrial production; for all the available indications show that an increasing proportion of the resources in use was being devoted to distribution, transport and other services, as against mining and manufacturing production. It is true that we are here concerned with the total supply of resources becoming available for final consumption; so that any waste of resources in the processes of transport and

distribution would not represent an effective increase. But if the possessors of incomes choose to spend a growing proportion of their purchasing power in having goods—or themselves—carried about, or in being served in more sumptuous shops, or having more of their purchases wrapped up and delivered to their homes, these services must be counted as increased production just as much as a larger output of lipstick, or cinema seats, in the sense that they express to no smaller an extent the effective demand of consumers under the existing distribution of incomes. We can enquire how far savings could be made in these services in such a way as to improve the real standard of living of the people. But in relation to things as they are we must accept their expansion, equally with expansions in the sale of luxury goods, as real increases in total consumption.

An Estimate of Real Income. Colin Clark has attempted, on the basis of his estimates of changes in the total national income (referred to in previous chapters) and of a special index constructed to represent the average changes in the prices of all types of goods and services, to make an estimate of the changes in the real income of the British nation since 1924. His conclusion is that, if 1924 be taken as 100, the aggregate real income rose to 116 in 1929, fell to 110 in 1932, and rose again to 129½ in 1935. Allowing for changes in population, his figures give indices of 114 for 1929, 107 in 1932, and 124 in 1935. These increases, of course, reflect the consequences of the lower prices of imports as well as of the higher total production of goods and services at home. But the total volume of imports was barely larger in 1932 than in 1924, whereas Clark's estimate makes real income in the aggregate 10 per cent larger; and in 1935 the volume of imports was only about 9 per cent larger than in 1924, as against an estimated rise in real income of nearly 30 per cent. If Clark's figures are right, there must have been a considerable increase in home production, evidently much greater in the "services" than in

the basic industries which chiefly influence the indices of industrial output.

Changes in the Volume of Employment. If we attempt to relate these data to those dealing with the volume of employment, we shall find that, whereas the volume of output recorded in the Census of Production was 8 per cent greater in 1930 than in 1924, the number of employees was less by 2 per cent, and the value of net output per worker only $\frac{1}{2}$ per cent less, although in the meantime wholesale prices had fallen by 28 per cent and retail prices by 10 per cent. Total employment in the insured trades, which include most of the "services" as well as mining and manufacture, rose between 1924 and 1930 by about 3 per cent—a difference from the Census of Production which indicates the rapid growth of "non-productive" employment, especially in the distributive trades. Between 1930 and 1935 the index of insured persons in employment rose by about 6 per cent, as against a rise of 12–13 per cent in production, according to the Board of Trade index. In view of the continued growth of employment in "non-productive" occupations, this seems to indicate a very rapid rise of production per worker employed in the mining and manufacturing trades.

Increase in Output per Worker. That such an increase was taking place between 1924 and 1930 the results of the two Censuses of Production are fully enough to show. Of the fourteen main groups of industries and services covered by the census all except two showed increases in volume of output per head between those years; and the increases ranged from 4 per cent in the iron and steel trades to 15 per cent in the non-ferrous metal trades and 17 per cent in mines and quarries, where the position was affected by an increase in working hours. The only groups showing decreases—small in both cases—in output per head were the textile and leather trades; and six of the groups showed increases of more than 10 per cent. Nor must it be forgotten

TABLE LVIII
VOLUME OF PRODUCTION PER
PERSON EMPLOYED

				Total Volume of Produc- tion in 1930 (1924=100)	Total Number of Em- ployees in 1930 (1924=100)	Output per Worker 1930 (1924=100)
Iron and Steel	..	..	..	102.6	98.9	103.8
Engineering, Shipbuilding and Vehicles	..	..	..	120.3	109.1	110.3
Non-Ferrous Metals	..	..	..	109.4	95.3	114.9
Textiles	..	..	..	83.5	84.1	99.3
Leather	..	..	..	94.0	95.3	98.6
Clothing	..	..	..	111.5	103.8	107.4
Food, Drink, and Tobacco	..	..	..	112.8	107.4	105.1
Chemicals, etc.	..	..	..	109.7	100.0	109.7
Paper and Printing	..	..	..	116.4	110.9	105.0
Timber	..	..	..	128.7	122.0	105.5
Building and Building Materials				125.3	B 108.3 BM 107.5	116.0
Miscellaneous	..	..	..	119.4	105.0	113.7
Mines and Quarries	..	..	..	93.2	79.6	117.0
Public Utilities and Government				120.0	107.0	112.1

that the census of 1930 was taken at a time when total output and employment were already declining from the levels reached in 1929, or that this factor would be likely, owing to less continuous employment, to lessen the output per head in the later of the two census years.

Increase in Mechanisation. This increase in output per worker was accompanied by a big increase in the use of mechanical and electrical power. Over the trades covered by the Census of Production there occurred between 1924 and 1930 an average increase in total "power in use per worker employed" of 19 per cent. In two of the main groups—the chemical trades, and the printing and paper trades—the increase was actually over 50 per cent during the six years; and in the mining and quarrying group and the trades producing building materials it was about one-third. It was also about one-third in the group of miscellaneous factory trades which includes most of the smaller, rapidly developing consumers' industries. It was 20 per cent or more in the food, drink and tobacco group, in the engineering, shipbuilding and vehicle group, and in the leather and textile groups. The average for all trades is kept as low as 19 per cent only by the inclusion of groups already so highly mechanised as not to admit of rapid increase, such as iron and steel, and of industries, such as house-building and clothing and the local authority services, which still admit of relatively little mechanisation.

That this rapid growth in the substitution of mechanical and electrical power for manual power has been proceeding since 1930 is indisputable: nor is it in doubt that as industries have made some recovery from the slump they have been making this substitution at an increasing rate. Naturally, one would expect this growth of mechanisation to have involved some diversion of productive resources from the direct manufacture of consumers' goods to the making of machinery and plant—what the economists call an increasing "roundaboutness" of production. But the absorption of additional labour in the "producers' goods

TABLE LIX
POWER IN USE PER OPERATIVE
IN VARIOUS TRADES IN 1930

	H.P. per Operative	Percentage Increase on 1924
Iron and Steel	5.99	12
Chemicals, etc.	3.80	52
Mines and Quarries ..	3.76	32
Non-ferrous Metals ..	2.63	34
Miscellaneous Trades ..	2.62	32
Building Materials ..	2.52	33
Textiles	2.45	23
Paper and Printing ..	2.20	52
Engineering, Shipbuilding and Vehicles	2.04	20
Timber	1.75	10
Leather	1.72	20
Food, Drink and Tobacco	1.70	20
Public Utility Services*	1.40	1
Building and Contracting	0.45	13
Clothing	0.24	9
Total—Factory Trades	2.44	21
Total—Non-factory Trades*	2.34	16
Total—All Above Trades	2.41	19

* Excluding Electricity Supply.

industries" has been very small, partly because these industries have themselves been subjected to very rapid mechanisation, but also because economy in the use of fuel and the making of lighter machines and plant, involving a smaller use of basic materials, have reduced the demand for labour in such fundamental industries as coal-mining and iron and steel.

On account of growing mechanisation, whereas between 1924 and 1930 the volume of production rose by 20 per cent in the engineering, shipbuilding and vehicle group, by $9\frac{1}{2}$ per cent in the non-ferrous metal trades, and by $2\frac{1}{2}$ per cent in iron and steel, there was no corresponding expansion in the numbers actually employed. In the steel trades the volume of employment fell by over 20 per cent, and there were also small net decreases in general engineering, shipbuilding, and most of the other basic metal trades. Only the electrical, light casting and vehicle trades showed an expansion in the numbers employed; and even in these cases employment grew much less than the volume of production. In the motor and cycle trades, for example, the volume of production grew, according to the Census of Production, by 55 per cent, and employment only by 25 per cent.

Even in manufacturing industries, the net diversion of labour from consumers' to producers' trades was quite small, if indeed it existed at all. Certainly, it was far more than offset by the diversion from manufacturing and mining as a whole to the "services." Between 1923 and 1935 the total number of insured workers in manufacturing industries of all sorts, apart from building and the public utility services, grew by about $5\frac{1}{2}$ per cent. Over the same period the numbers engaged in transport and distribution grew by $44\frac{1}{2}$ per cent, those in hotels, restaurants, sports and entertainments, and other miscellaneous services grew by 64 per cent, and those in commerce and finance by 16 per cent. Meanwhile building and contracting increased their insured labour force by 56 per cent, whereas the number of miners fell by 20 per cent.

Distribution of the Insured Workers. It is interesting to compare the broad changes in the distribution of the insured workers between 1923 and 1935. Over this period the numbers of miners and quarry workers fell from $11\frac{1}{2}$ to 8 per cent of the total. Those in manufacturing industries fell from 51 to 46 per cent. Builders and contracting workers rose from 7 to $9\frac{1}{2}$ per cent. These three groups, the "producers" in a narrow sense, together fell from 70 to 64 per cent of the total, despite the inclusion of the expanding group of builders. The public utility and Government services remained almost unchanged at 5 per cent. On the other hand, the group including transport, distribution and other "services," as distinct from "production," rose from 25 to 31 per cent of the whole.

§3. THE TECHNICAL POSSIBILITY OF INCREASED PRODUCTION

IT IS IN FACT quite misleading to suggest that the growing mechanisation of industry is calling for an increasing proportion of the national income to be diverted from immediate consumption to investment in plant and machinery. The economic system as a whole is becoming not more but less "roundabout." It is adapting itself to an increasing extent to the direct service of the consumers.

Must We Save More? The importance of this fact becomes evident when we go on to consider the possibilities of expanding production with a view to raising the standard of life. It has often been argued that any such expansion can come only as an after-effect of increased saving and investment, and that accordingly the best way of bringing it about is to raise profits, because the profit-takers will be likely to save and invest a larger proportion of their incomes than the general body of consumers. The older economists argued that increased production in the future could result only

from "abstinence" in the present, so that the raising of wages at the expense of profits, by slowing down investment, would in the long run make for general poverty. In order to be richer at some uncertain future date, the workman was asked to consent to being poor to-day, and even so was perpetually adjured to be thrifty, and to save the largest possible part of his exiguous income, in order that his savings might be invested, and devoted to the development of production.

In a community which is in process of emerging from a very primitive to an advanced technique of production, as the Soviet Union is to-day, there is some substance in the contention that the enlargement of consumption in the future involves some postponement of current consumption, in the form of a diversion of resources from the consumers' to the producers' trades. But in countries already well advanced in productive technique, this factor is of quite minor importance, and is far outweighed by others. The total new industrial capital needed to provide both for the modernisation of existing plant and for a rapid increase in the output of the consumers' trades is small in relation to the total savings which the members of such communities are in the habit of making. Building and road-making and similar public services absorb far more capital than the development of all the manufacturing industries together. There is much less danger, under capitalist conditions of distribution of incomes, that too little will be "saved" to provide the capital which industry needs, than that the owners of capital will try to "save" more than the capitalists as the controllers of production are prepared to invest in their pursuit of profits. Nothing can be *really* saved without being invested; for saving is essentially a right to command the services of the productive resources, and if this right is not exercised the resources rot away unused, and their productive value is lost. It is, however, quite possible for an individual rich man to "save" more than he invests—with the consequence of inflicting on other persons an equivalent loss.

We need not, then, worry our heads about the increased investment, or diversion of resources to the "capital goods" industries, which an attempt to expand total production would involve. It represents an inconsiderable deduction from the ability of the available powers of production to create goods and services for consumption. We come back to our question: By how much could the production of consumers' goods and services be increased, as far as the technical possibilities are concerned, within a reasonably short space of time?

Possible Expansion of Production — The Brookings Estimates. Clearly, this question admits of no *exact* answer. It would be possible to conduct, as the Brookings Institute did a few years ago in the United States, a survey of the various industries, with a view to finding out from their technical experts by how much they could increase production (a) by bringing into use existing but at present idle resources of plant and skilled labour, (b) with the aid of fresh investments of capital and the training of fresh workers within the limits set by the total available supply of factors of production. But such a survey is quite beyond the power of any single private investigator. It needs at the least a well-equipped research institute, and the co-operation of a large body of technical experts; and it ought to be carried out, not privately, but by a Government engaged in working out a comprehensive economic plan.

In the absence of any corresponding survey in Great Britain, it is worth while to quote the general conclusions reached by the investigators of the Brookings Institution in the United States. Their study, it should be observed, related not to the period of the slump, but to 1929, when American industry was supposed to be passing through a prodigious boom, and when unemployment was at a relatively low level. Their general conclusions were that, at the height of the boom, American industry was working at only about four-fifths of the actual productive capacity of the available factory plant and labour, and that, without

any improvements in technical efficiency, most industries could then have increased their output by as much as 30 per cent. This estimate ignored all factories that were actually closed down, and included only the full use of plants actually at work. It made no allowance for anything that could be done towards raising the less efficient plants towards the standards of the more efficient; and it took into account the limitations of the available supply of labour.

In agriculture, the immediate potential increase of output above the level of 1929 was put at only 10 per cent. For the economic system as a whole, after making allowance for the necessity of a balanced development in line with the elasticity of consumers' demand for different types of goods and services, the Brookings investigators estimated the possible increase in output, without any improvement in technical methods, at roughly 19 per cent.

Application to Great Britain. What was true of the United States in 1929 may, of course, not be true of Great Britain to-day. On the one hand, British industry has been accustomed to export a much larger proportion of its total output, and is therefore less well adapted than American industry was in 1929 for a balanced increase in output directed to the satisfaction of the needs of the home market. It has too many coal-mines and cotton-mills, from this point of view, and too little unused plant and skilled labour capacity in the trades on whose products the British people would make larger demands if their incomes were increased. On the other hand, Great Britain has now a far larger percentage of workers unemployed and factories shut down or producing well below their full capacity than the United States had in 1929. It would be surprising if British industry were not capable, with the available plant and labour, of at least as considerable a balanced increase of production now as American industry was at the top of the boom which preceded the world slump.

But the American estimates which we have been

considering so far are based wholly on the fuller use of existing plant (excluding actually disused plant) and of the existing supply of labour; and they take no account of the possibilities of an increase in technical efficiency. Two American engineers, Messrs. Alford and Hannum, have estimated that, if the less efficient plants were brought up, not to the highest, but to the *average* level of efficiency at present existing, output per hour worked could be increased by from 17 to 24 per cent in various types of manufacturing industry. This increase would, of course, be additional to that which would result from the fuller use of under-used plants and supplies of labour. This conclusion is not necessarily valid for all industries: nor, even if it was, would it necessarily apply to Great Britain. But it is clear that, in addition to the potential productive capacity of plant now lying idle, there is a further large potential capacity to be achieved by improving the efficiency of the less well equipped or less well managed firms.

In the summer of 1936, the percentage of insured workers unemployed in Great Britain was just over 12. If these workers were absorbed in useful work, what increase in output could be expected to follow? On the one hand, the unemployed include a certain proportion of older or less efficient workers, or of workers belonging to declining industries who could not be readily transferred to different employments. These, however, can hardly be at most more than a quarter of the unemployed. If we left them out altogether, we should have a reserve labour force of 9 per cent of the total, or an addition of rather more than 10 per cent to the numbers now in work. These workers would certainly be, on the average, capable of as good work as the labour force now in employment. Moreover, their additional output would enable overhead costs to be spread over a larger volume of goods and services. Their net addition to output would certainly be well in excess of 10 per cent, even if the older workers were pensioned off—without any allowance for a possible increase in female employment.

But this is not all. The return of these workers to employment, by enlarging the total market for consumers' goods, would make it worth while to install a great deal of new and more productive plant which is not at present installed because of the limitations of total consumers' demand. It would become profitable to increase output, by lowering both costs and prices, whereas it is now more profitable, in face of the limited market, to restrict output even at the expense of higher costs of production. We do not profess to be able to say by how much the restoration of full employment would enable total output to be increased, in a duly balanced relation to the elasticity of consumers' demand. But an estimate of one-third as the possible increase within a very few years seems to us to be definitely on the conservative side.

The Rise in Industrial Output. We admit our inability to prove that this is true. We can, however, support our view by certain further evidence. If we study the course of British industrial production in recent years, we can hardly avoid reaching the conclusion that a very large immediate increase in output would be possible, if only sufficient demand existed at prices which would yield an adequate incentive to the profit-makers. Where such a demand does exist, in certain rapidly expanding trades, no difficulty has been encountered in increasing output at an extraordinary rate. Between 1924 and 1935 the output of artificial silk grew more than fourfold, and that of motor-cars more than threefold, while the production of electricity and of wood pulp more than doubled. The output of buildings and building materials rose by 47 per cent between 1930 and 1935 (there are no earlier figures). The production of non-ferrous metals increased by 63 per cent from 1924 to 1935, and that of cement by 63 per cent from 1924 to 1934. Among chemical products, the output of sulphate of ammonia more than doubled between 1924 and 1929, and then fell off solely because of economic depression. In the accompanying table, all the decreases or low rates of

TABLE LX
INDICES OF BRITISH PRODUCTION
 (1924=100)

	1924	1929	1934	1935	Potential Out- put in 1935*	Deficiency of Actual below Potential Output
A. GROUP INDICES						
Engineering and Ship- building	100	121	110	123	151	23
Non-ferrous Metals ..	100	121	146	163	151	—
Chemicals	100	116	104	111	138	24
Gas and Electricity ..	100	136	170	183	194	6
Food, Drink and To- bacco	100	106	107	113	113	—
Leather and Boots ..	100	99	106	117	98	—
Textiles	100	99	90	95	98	3
Building and Building Materials	—	100†	133	147	—	—
B. PARTICULAR COMMODITIES						
Motor-cars (numbers)	100	182	269	316	362	14
Artificial Silk	100	212	365	438	496	13
Wood Pulp	100	172	194	231	321	39
Cement	100	147	163	—	230	—
Electricity	100	151	197	225	243	8
Sulphate of Ammonia	100	208	134	—	478	—
Superphosphates ..	100	112	98	—	128	—
Basic Slag	100	105	86	90	111	23
Coal	100	97	83	83	94	13
Coke	100	104	82	—	109	—
Iron Ore	100	120	95	—	149	—
Pig Iron	100	104	82	88	109	24
Steel	100	118	108	120	144	20
Copper	100	104	53	—	109	—

* On the assumption that output had increased by the same annual percentage between 1929 and 1935 as it actually did between 1924 and 1929.

† 1930.

increase are explicable solely in terms of the limited effective demand. The production of steel could have increased just as fast as the demand for electricity if it had been profitable to produce more. Nor is there any reason to believe that there would have been any shortage of labour even if all industries had sought simultaneously to expand.

It should be explained that the figures in the table have not been selected for any propagandist purpose, but are simply an unselected gathering of the readily available data concerning various types of production. There is no reason to believe that the inclusion of other products would in any way weaken the impression which they convey.

It will hardly be disputed that the rate of increase in output which was actually kept up between 1924 and 1929 could, as far as technical considerations go, have been easily maintained since. In certain industries it has actually been maintained, or even exceeded, despite the depression. This is true of the non-ferrous metal trades, where the increase has been large, as well as of the food, drink and tobacco group, in which it has been small. But in the great majority of cases the output of 1935 was a long way below what it would have been if the rate of increase between 1924 and 1929 had been sustained. This is shown by the last two columns of the table, which give respectively what the output would have been in 1935 if the rate of increase had been the same as before 1929, and by what percentage the output of 1935 would have to be increased in order to reach this potential amount.

It is not, of course, suggested that this rate of increase would have carried with it a full use of the available resources; for resources were being much under-employed even in 1929. The figures do, however, reinforce the conclusion that technically there would be no difficulty in raising output to a large extent; for of course it would be even easier to expand those trades which show low increases, or actual decreases, than those which have been growing relatively fast.

Further Possible Changes. These conjectures about potential production take, of course, no account either of possible changes in working hours or of the anticipated changes in the population of working age, which have been discussed in previous chapters. The practicability of both reducing working hours and increasing total output depends on the extent to which more labour-saving methods of production can be applied, and also on the extent to which shorter hours lead to an increase in labour-efficiency during the reduced working day. These factors are bound to be different for different industries and processes. In the light of experience of their operation, the community will have to make its decisions about the length of working day that strikes the most desirable balance between the claims for more output and more leisure.

§ 4. THE SOCIAL POSSIBILITY OF INCREASED PRODUCTION

SO FAR, we have been considering the question of output exclusively from the technical standpoint. We have been asking what could be produced, either with the existing technical apparatus of industry or with such improvements of technique as are immediately within our reach without any fresh application of scientific knowledge to reducing the real costs of production. We have avoided raising the further question whether the scientists could not in fact tell us how to raise output immensely further by the use of new methods, because under the existing conditions there is no chance at all of this question being asked. It would arise only if the non-technical barriers to increased output were removed and we were really trying, as we most certainly are not now, to produce as much as possible for the satisfaction of human needs and desires.

The Social Obstacles to Production. We can go no further without taking into account the existence and character of

these non-technical, or social, obstacles, which arise out of the present structure of the economic system. In the Soviet Union to-day more production, subject only to the demands of leisure and of acceptable working conditions, appears as the ruling force in the entire economic system. Every effort is being made to expand output, and can be made without any other qualifications than these, because, if only production is rightly balanced as between different goods and services, there is no limit at all to the total size of the market. All that can be produced can be consumed, because incomes can and will be expanded just as fast as there are goods available to be bought. The problem of an unsaleable surplus simply cannot arise, except in the special form of a redundant supply of some goods in relation to others—and this it is, of course, one of the principal aims of the Five Year Plan to prevent.

In capitalist countries, the situation is very different; for capitalism sets out to produce, not as much as can be produced with the aid of the available resources, but only as much as the directors of the various businesses can see a prospect of marketing at a satisfactory profit. Profit, and not service, is the recognised incentive to production, save within the very limited field of public services, such as education and road-making and subsidised public housing, which are carried on with a view not to profit but to public need.

It used to be argued that capitalism, under the stimulus of the profit-motive, would in fact be led to make the fullest possible use of all the resources of production. But this view is no longer even plausible in the light of our experience since 1918.

A system which has persistently kept at least a million applicants for employment out of work ever since the war—and at times as many as 2½ millions—stands convicted of gross under-use of the available resources of production. It is not suggested that, under any economic system, every willing worker could be always at work; for there would be inevitably some friction in changing from one job to

another, and in certain trades some seasonal unemployment due to weather, or to seasonal variations in activity too short to make it worth while to divert the temporary surplus of workers into other occupations. But in an economic system well adjusted to the right purpose of creating the means of plenty, neither of these causes would lead to any serious amount of unemployment. There would be still some unemployed workers; but unemployment as a social problem would not exist. The "reserve of labour" would be reduced to quite small dimensions.

It can, no doubt, be argued that the unemployed are without work because it is not worth while to employ them, in that the net product of their labour would be less than the wage they would have to receive. In a capitalist sense that is true enough; for capitalist enterprise would obviously at once set the unemployed to work if employers could see a prospect of adding to their profits by employing them, instead of having to help maintain them in enforced idleness. There is, however, a clear distinction between what pays the community as a whole and what pays the private employer. From the profit-seeking employer's standpoint, a workman is not worth employing unless his net product exceeds his wage. But from the standpoint of the community it is worth while to set him to work provided that he produces any useful output at all. For, on the assumption that he must be maintained whether he is working or not, it is better for the community that he should produce something than nothing, even if the value of his output is less than the cost of his keep.

If a workman received the same income when involuntarily unemployed as he receives when at work—and in equity there is no reason why he should not—it would be socially worth while to employ everyone who could produce any value at all. But under present conditions a workman usually receives a much reduced income when he is out of work. Even so, it would pay the community to set him to work if his output would exceed the difference between his income in and out of employment.

Why Are the Unemployed not Employed? Why, then, is this conclusion not acted upon, though lip-service is often paid to it by assertions that employment is greatly preferable to "doles" for doing nothing? It is not acted on, because the employment of the unemployed, under any conditions that are open to the capitalist State, would either impose on the State budget a larger immediate charge than is involved in paying out doles, or would involve the State in competition with private enterprise. A worker kept in idleness costs the taxpayers only the bare expense of his maintenance at a very low standard of life. But to employ him means additional expenses for materials, tools, machinery and organisation, and also maintenance at a higher rate—for a man cannot work on the pittance on which he can barely exist without starving to death. If he is set to work producing goods which are not intended to be sold in the market, such as public buildings or parks or playing fields or roads, society as a whole gets a value in return for his labour. But private capitalism either does not want these things at all, or objects strongly to their production on a non-profit-making basis. The profit-makers demand a rake-off on every act of production. They will tolerate "public works" as a means of absorbing the unemployed only on the understanding that they are allowed to make a profit out of them; and inevitably this profit swells the total cost.

But, even if a rake-off is allowed, private enterprise is mistrustful of "public works policy," because it fears that the State may start producing goods and services which will compete with its own products. Faced by a "limited market," in which a larger supply can be sold only at a lower price, private enterprise is set on keeping total production of each type of goods down to an amount which will not "spoil the market." Its objective is not maximum output, but maximum profit; and for the profit-makers as a whole, maximum profit seems to depend essentially upon limited supply. A particular profit-maker may indeed cut the price of his goods—as Ford cut that of

motor-cars—in the hope of stimulating wider sales or attracting to himself a part of his competitors' customers. But he will do this only if he sees in it the prospect of increasing his aggregate net profits. Any suggestion that goods should be made for sale under cost price appals him; for the subsidised goods will then compete with unsubsidised products, and the prospect of making a profit will be gone. If the State were to set the unemployed to work, and sell all they could produce for what it would fetch, regardless of its cost of production, the capitalist system would break up; for who could go on making profits in face of this "unfair" competition?

Accordingly, as long as the profit-making interests control the State, they will take care that the workers whom they cannot see their way to employ at a profit are kept in idleness rather than put to work making useful things. From their point of view, one unit of output is more than two units, if it results in a larger net profit. But from the standpoint of the community and of common sense, two units of output are necessarily more than one.

Unemployment a By-Product of Profit-making. Unemployment, then, is a necessary by-product of profit-making; for profits depend on the scarceness of things, whereas real wealth depends on their abundance. And unemployment among workers involves unemployment of other productive resources as well, and also failure to bring new productive resources into existence. Unemployed workers mean unemployed factories, mines, land and machinery; and the determination to keep things scarce and dear involves a refusal by the owners of capital to invest in new instruments of production which might make things plentiful and cheap. Whenever unemployment is widespread, the amounts of capital invested in building and equipping new factories and enterprises fall off. The capitalists leave their "savings" unused, in preference to embarking them in forms of investment which cannot be relied on to yield an adequate profit. And,

when investment does take place, because some group of profit-seekers sees its chance of capturing a part of the limited market by applying more efficient methods of production, the effect is rather to drive older enterprises out of business, and throw their workers idle, than to enlarge the total supply of goods or cause more workers to be employed. Indeed, the more efficient methods of production will often reduce employment, by enabling each worker who is employed to generate a larger output.

It is true that, even when unemployment is very prevalent, there will be some occupations in which both total output and employment are rising fast. Both the consumers' desires and the relative costs of producing different types of goods and services are constantly changing, so that there is the prospect of good profits to be made by expanding total output of things which are either more wanted by consumers at the existing prices or can be produced more cheaply than before in relation to the costs of producing other things. In the world of profit-making dog does eat dog. Each profit-maker is quite ready to bankrupt his rivals if he can achieve more profit at their expense. If this were not the case, production under capitalism would stagnate far more than it actually does. Competition, even where it has been eliminated within particular trades, remains active between one trade and another, and results in an actual cheapening of goods that can be more economically produced. But, as things are, progress in one trade is apt to be at the expense of recession in others, especially when the lowering of costs of production is brought about by using more machinery and less labour. For, in the final resort, the quantity of goods that can be produced at a profit depends on the extent of the consuming market; and the quantity of current consumption depends very greatly on the total income paid out to the working class.

Consumption and "Saving." Doubtless, the rich as well as the poor are consumers, and consume individually in larger measure. But the poor, having little or no surplus

above current needs, consume at once nearly the whole of their incomes, whereas the richer classes save a larger part of what they receive. Moreover, joint-stock companies, in addition to the sums they distribute in dividends, hold back a considerable part of their profits for re-investment. In times of depression, both individual "savers" and joint-stock concerns are apt simply to hoard their savings, instead of investing them in expanding production. Accordingly, the general condition of demand depends chiefly on the condition of demand among the poorer consumers, who are in the vast majority; and the willingness of the investing classes to use their savings depends partly on their view of the state of consumers' demand. A rich man, or a company, in purchasing a factory or a machine creates demand just as much as a poor man in buying a loaf. But the rich man will not build and equip a new machine-bakery unless he expects that the poor man will be ready to buy his loaves at a remunerative price.

From the standpoint of the community "saving" and "investment" are the same process. For as we have seen, only real things can be really saved. But an individual can save up more money tokens, and use them at any future time to buy goods or services. If he does "save money" in this way, without currently investing it in buying actual things, his "saving" must be the community's loss. For in refusing to expend his money as soon as he receives it, or to allow someone else to expend it for him, he is withholding from use a part of the current supply of purchasing power. If all the sums paid out in incomes are promptly expended, the entire current output of the community can be sold at a remunerative price; for the total prices of all the goods offered for sale are simply the total costs and profits of the economic system seen from a different aspect. But if a part of the sum paid out in incomes is withheld from spending, and hoarded instead, the total price offered for all the goods and services on sale is bound to be less than the total costs, including the customary profits, of their production. Every act of hoarding thus involves a

corresponding loss of profit to someone who has goods or services to sell.

If, however, because of hoarding, some of the capitalists find their profits disappearing, they respond at once by reducing production; for their aim is profit, and not output for its own sake. But as fast as they reduce production, they throw workers out of employment. In doing this, they they reduce the total amount of the consumers' incomes, and thus further curtail demand. This renders yet more production unprofitable; and they proceed again to restrict output and employment. So depression extends, in a vicious circle, until something is done, or happens, to revive total demand. But something does happen, or the capitalist system would have ended long ago, in a universal chaos of bankruptcy and unemployment.

The Revival of Demand. How is demand revived? It can be revived in a number of different ways. Foreign purchasers may increase their purchases, and so set production and employment once more on the upgrade. Hoarded supplies of money may be brought out of storage into active use, because the profit-seekers have, for one reason or another, become more hopeful in their minds, or more distrustful of the value of their hoarded money. Or the State may itself intervene with public works or special grants of money to the consumers, and so increase the total volume of current and prospective demand.

If, for any of these reasons, demand once begins to increase, it has a cumulative tendency to increase further, just as it had previously a cumulative tendency to fall. For more demand means more production and employment to meet it, and more employment means a further rise in demand.

Why Does Slump Follow? Yet, as matters stand, the economic system does not continue its advance until all the available productive resources have been brought fully into use. Why does it fail to do this? Why do unemployment

and under-production continue in existence even when capitalist industry is supposed to be at the top of a boom ? And why, having reached a relatively high level of output, does capitalist industry promptly slip back into a renewed slump ?

One reason is that capitalism works throughout from hand to mouth. It has no plan for achieving maximum satisfaction of the consumers' needs. Each capitalist, or group of capitalists, follows his instinct for maximum profit wherever it leads him, without regard for the social consequences of his actions. This involves that industry expands unevenly in relation to the growth of demand ; for there is a rush of profit-seekers into those forms of production which seem to offer the prospect of the highest profits, so that resources are often wasted in putting up unnecessary factories to produce a relative surplus of this or that commodity, whereas there remains a relative shortage of goods of other types. Even during a boom a quite large proportion of new capitalist investment is sheerly wasted by being directed to uses which turn out after all to be unprofitable. Competitive capitalism cannot even manage its own silly business of profit-making with tolerable efficiency.

This, however, is not the fundamental defect of capitalist expansion. A far more serious defect is that, as the boom proceeds, the share of the profit-makers in the total receipts of the economic system is increased ; for profits rise faster than wages, at any rate during the earlier phases of a boom. This rapid increase in profits at first causes the boom to advance faster than ever ; for the profit-makers hasten to build more and more factories in order to get more profits, and the building and equipment of these factories creates further employment and further profits. But presently two things begin to happen. The wage-earners, seeing their employers making big profits, demand higher wages ; and the employers, rather than lose their profits through interruptions of work, usually give way, wherever the workers are determined and strongly organised. The rise in wages,

however, while it increases the volume of demand, also narrows the profit-margin, and thus decreases the attractiveness of further investment.

This would not suffice to stop the boom, if the costs of production other than wages were continuing to fall. But while, up to a certain point, higher output carries with it a decrease in costs per unit, past this point costs per unit of output begin to rise. This happens because, at any rate in the short run, the expansion of output beyond a limited amount involves the use of less efficient workers and less efficient instruments of production.

As this stage is reached, simultaneously with an increase in wages, the first signs of impending crisis become visible to the initiate. Prudent capitalists begin to draw back from investing further resources in production, and to hoard their profits instead; and bankers, wary of locking up their resources in potentially unremunerative enterprises, begin to refuse further loans and to call in advances from their more suspect borrowers. Wherever these acts of retrenchment start, their effects speedily spread. The withdrawal of resources from active circulation brings prices tumbling down. Workers are discharged right and left: purchasing power in the hands of the consumer is sharply reduced: prospects of profit vanish in a night. The crisis has come; and the ensuing slump is already well on the way.

All this happens before the economic system, even at the height of its activity, has nearly succeeded in bringing all the available productive resources into use. It has reached the point of maximum profitability, without getting near the point of maximum production. It cannot approach this latter point, because it could, under capitalist conditions, approach it only by a voluntary sacrifice of prospective profits by the individual *entrepreneur*. But such a sacrifice is quite outside the range of capitalist possibilities. Capitalism has to lose a large part of its profits in the slump, because it cannot bear not to make every penny it can out of the boom while it lasts, or to refrain from curtailing employment and production as soon as it loses confidence in the future.

Thus, under the system of profit-making the full employment of the available productive resources is never attained. Production alternates between high and low points in boom and slump, but even at its highest point it remains well below what is practicable in a technical sense.

The Limitations of Capitalist Production. Why does capitalism stop short in this curious way of making full use of the technical resources of production? The orthodox economists of earlier generations taught their followers to believe that there was an underlying harmony which caused supply and demand to balance perfectly at the point of maximum production, unless some external force so interfered as to upset the balance. But this contention ignored the changing costs of different levels of output. Suppose production to be at a low level. It is then possible to bring into use existing supplies of both machinery and labour broadly equal in efficiency to those previously active, or at the worst so little inferior that the economy of spreading overhead costs over a larger output will more than offset any rise in the factory costs due to the use of less efficient means of production. Under these conditions it will normally be profitable to increase output.

But as output is increased, two limiting factors come into operation. One of these is the exhaustion of the supply of labour of comparable efficiency with that previously employed. The second is the need, if output is to be further increased, of installing fresh plant, building fresh factories, and in general sinking additional supplies of fixed capital, or alternatively of using much less efficient machines—of which, even so, the supply is limited.

These limiting factors operate in different ways. Recourse to less efficient labour or less efficient machines presently involves rising marginal costs of production, even after account has been taken of the economy in overhead costs—which, incidentally, decreases and may disappear altogether if output passes a certain technical *optimum* for which each particular plant was designed.

Accordingly, output with the existing productive resources will not be pushed beyond a certain point by profit-seeking *entrepreneurs* unless prices rise enough to cover the rise in marginal costs. But prices will not, after a certain point, rise enough without checking the demand, and therewith creating conditions which compel them again to fall, and drive the marginal "doses" of plant and labour again out of use. For this reason, production under capitalism is usually checked, not at the point of full employment, but when the cost-curve for the marginal units of output begins at all seriously to rise. This check can indeed be postponed to some extent by monetary manipulation—through the rapid increase in bank credits—but only at the expense of aggravating the setback when it does come.

When any question arises of bringing disused plant back into operation, the question always arises, too, whether it will not pay better to scrap the old plant, and buy new and more efficient plant instead. But this question cannot be settled entirely in terms of relative costs of production. For whereas the expediency, from the profit-maker's point of view, of using existing plant depends on whether it can or cannot be employed at a profit under the immediately current or very short-run prospective conditions, the desirability of buying new instruments of production depends on the prospects of being able to use them at a profit over a period long enough to enable the capital sunk in them to be amortised as well. The profit-maker will not invest in new fixed capital unless he believes his investment will both yield a profit over a long period and repay his capital before it is worn out.

Accordingly, two checks operate simultaneously against the expansion of output up to the technical maximum—rising current costs and uncertainty about the future. The rise in current costs is indeed in itself an incentive to install more efficient instruments; but if it causes a check to the process of expansion by raising prices it therewith undermines the confidence of the capitalist investor, to the extent at least of making him unwilling to buy new instruments

designed to expand total production. He will not wholly cease to invest; but his investments will be made with the object rather of lowering the cost of producing a part of the existing output than of expanding total production. At any rate this, in a rising cost situation, is what is most likely to occur.

If it does occur, the consequence, as soon as the new plant has been made and begins to turn out goods, is likely to be a reduction in employment; for the new plant will almost certainly lead to economies in the use of labour. This disemployment of labour will narrow the total market, and prevent the cheaper methods of production from leading to larger sales. The marginal units of productive power previously in use will be driven below the margin and disused; and the failure of the marginal profit-makers will spread to other firms with which they were entangled in the complicated interactions of the productive system. Capitalist confidence will be increasingly undermined: investment will fall off to a very low level: unemployment and distress will again become widespread.

The Vicious Circle. As long as the prospect of maximum profit is the sole effective spur to activity over the greater part of industry, there can be no way of escape from this vicious circle of under-production and under-consumption. The only rational basis for an economic system—or at any rate for a system designed to make use of the rapidly developing productive technique which is characteristic of modern industrialism—is one which has as its first principle the full employment of all the available resources in a planned and balanced way. This, however, can be possible only if the distribution of incomes is so controlled that every balanced increase in the output of consumers' goods and services carries with it either an offsetting reduction in prices or an expansion of consumers' incomes sufficient to secure an immediate market for the larger supply.

Planning Essential. However great the *technical* possibilities of increased production may be—and in view of recent scientific advances it is impossible to set limits to them—the community will not reap the harvest unless it applies science to planning the social and economic system as well as the technique of the particular processes of production. An unplanned, capitalistic economy means an economy in which the defence of profit-making involves limitation of supply.

Sometimes the alternative of a planned, but still capitalistic, system is seriously advanced. But such a solution is impracticable. Capitalism can plan only for scarcity, and not for abundance. When the profit-makers in any industry get together to make a plan, their first action is usually either to adopt a quota system restricting the output of their products, or to fix prices at a level which has the same effect, or to agitate for a tariff which will restrict the consumers' supply of imports, or to adopt measures for preventing the establishment of new businesses in their trade, or in one way or another to seek the establishment of a monopoly which will keep goods scarce and prices high. Even if they increase their output, they usually seek to exclude more than an equivalent quantity of imports; or when, in an expanding market, they do increase total production, they still endeavour to regulate the rate of increase in order to avoid what they call "glutting the market."

But why, it is sometimes asked, should not these evils be avoided by bringing together all the capitalists in all the industries for the foundation of one comprehensive economic plan? Surely, if that were done, individual self-seekings would cancel out, and they would realise that maximum production all round would yield also maximum profit. Assuredly they would do nothing of the sort; for a plan based on maximum production would in reality be workable only on a basis of far more equal distribution of incomes than exists to-day, and would involve many individual businesses in producing actually at a loss. The profit-maker cannot go on past the point of maximum

profit to the point of maximum production without facing bankruptcy. Only the State, or some collective organ of society which is able to set profits in one sphere against losses in others, is able to do that. It involves, for the particular factory, going on producing past the point at which marginal costs are lowest, as long as there are available resources of production remaining unused.

If, then, we desire to make actual the technical possibilities of higher production which already exist in the various industries—and still more if we desire to apply to production the vastly greater scientific possibilities which remain wholly unapplied—we must create for ourselves an economic system based on the pursuit of plenty instead of scarcity, or service instead of profit. This book is not the place for considering by what methods this change ought to be made, or what the nature of the new economic system should be. In this chapter, all we have aimed at showing is that the effective obstacles to a higher standard of living are not technical but social. They lie not in a technical inability to produce more, but in our clinging to an obsolete economic system which is incapable of making full use of the rapidly developing potentialities of modern production.

NOTE.—The reader who wishes to pursue this question is referred to G. D. H. Cole's *Principles of Economic Planning*, in which the problems of an alternative economic system, adapted to modern productive technique, are more fully discussed.

CHAPTER IX : THE WORKING- CLASS MOVEMENT

1. The Process of Economic Change
2. The Strength and Weakness of Trade Unionism To-day
3. Modern Problems of Trade Union Organisation
4. Prospects of Political Labour

§ I. THE PROCESS OF ECONOMIC CHANGE

THE PRODUCTIVE system changes; and as it takes on new forms the working classes change with it. Seekers after employment, who must work in order to live, have to follow where the capitalist leads them, both from place to place and from one occupation to another. We have seen how the technical developments of recent times have been altering the distribution of employment between different industries and services, and how the balance has shifted away from the older basic industries to lighter trades, away from production in the narrower sense to transport and distribution and the rendering of services of many varying kinds, and away from the older industrial districts into the growing centres of activity in the South, especially round Greater London.

The first of these changes can be sufficiently illustrated from the records of the Census of Production. In 1924 the output of mines and quarries accounted for $14\frac{1}{2}$ per cent of the net value of the total output covered by the census: in 1930 for only a little over 10 per cent. Textiles accounted for 14·3 per cent in 1924, and under 10 per cent in 1930.

The remaining groups which showed, like mines and textiles, a fall in net value were iron and steel and leather. On the other hand, the vehicle, engineering, food and drink, printing, building and contracting, and public utility groups all showed large increases in net value produced. The same changes have been illustrated over a wider field in an earlier chapter in the course of our survey of the changing character of employment in recent years.

The second change, from production to transport, distribution and the rendering of services have also been discussed already. The third, the changing geographical distribution of industry, can be further illustrated from the records of the Census of Production, as the accompanying table shows. The proportion of total recorded output, in terms of net value, produced in the three regions which make up the "Industrial North" fell from 36 per cent in 1924 to 30·7 per cent in 1930, and the proportion of employees from 38·3 to 34·9 per cent. Over the same period the share of Wales fell from 5·9 per cent to 4·4 per cent of the total in terms of net output, and from 6·3 to 4·9 per cent in terms of numbers employed. Meanwhile, Greater London increased its proportion of total net output from 18·2 to 23·9 per cent, and of employees from 14·8 to 17·2 per cent of the total number. In fact, of all the areas specified in the table, with the exception of Greater London, only the West Midlands showed an increase in net output and in numbers employed. The total employees covered by the Census—that is, roughly, of workers in "productive" industries—fell by 2 per cent between the two Censuses.

§ 2. THE STRENGTH AND WEAKNESS OF TRADE UNIONISM TO-DAY

THESE LARGE CHANGES inevitably produced big reactions on the working-class movement. Trade Unionism, as it existed before the war, had a total strength of rather over four millions, more than half of whom had been added

TABLE LXI
REGIONAL CHANGES IN INDUSTRY, 1924-30

			Number of Employees 1930	Value of Net Output 1930 (1924=100)	Value of Net Output Per head 1930	Percentage of Total Output Produced in Region		Percentage of Total Employees Employed in Region	
						1924	1930	1924	1930
Greater London	..	..	114	120	105	18.2	23.9	14.8	17.2
Lancashire and Cheshire	..	..	88	83	94	19.1	16.3	19.9	17.9
†Yorks, West Riding	..	..	90	81	90	11.4	9.5	12.0	11.1
North-East	..	..	90	86	96	5.6	4.9	6.4	5.9
West Midlands	..	..	105	102	97	10.6	11.1	10.7	11.5
Rest of England	..	..	110	112	100	18.7	21.6	18.9	21.3
Wales and Monmouth	..	..	76	72	94	5.9	4.4	6.3	4.9
Scotland	..	..	94	89	97	10.5	9.6	10.9	10.2
All Great Britain (excluding Greater London)	..	..	95	90	95	81.8	76.1	85.2	82.8
All Great Britain	..	..	98	97	99½	—	—	—	—

since 1900. In 1900 well over half, and in 1914 nearly half, the total membership was accounted for by three groups of industries—mining, metal and textile trades. Coal, cotton, engineering, shipbuilding and iron and steel were the strongholds of British Trade Unionism; and these then flourishing and developing industries were mainly concentrated in the “Industrial North” and in South Wales. Indeed, the figures we have quoted underestimate the proportion of Trade Unionists in the basic industries; for in addition to the two million workers in mining, metal and textile Unions in 1914, a good proportion of the 375,000 members of “general labour” Unions came actually from the same group of industries.

During and immediately after the war Trade Union membership shot up much further, doubling between 1914 and 1920. But of the 8½ million Trade Unionists of 1920 only a little over three millions came from the three basic groups, which had nevertheless added well over a million to their membership. The major increases came in the smaller and more miscellaneous industries, and among the non-manual workers. The general labour Unions added nearly a million to the 375,000 of 1914, and there were very big increases among railwaymen and distributive workers, and in the public services.

These inflated totals could not last. They arose in the post-war boom, when the workers returning from the armed forces were added to the host, especially of women workers, who had been drawn into industry during the war. The industrial crisis of 1921 brought total membership down with a run; and by 1925 it was only about 5½ millions, of whom about 2¼ millions belonged to the three basic groups.

Then came the mining struggle and the unsuccessful General Strike of 1926, followed by a further decline in membership. In 1928 the total was about 4,800,000; and the great slump after 1929 brought it down further to about 4,400,000 in 1933. Thereafter came a slow recovery; but the membership of Trade Unions of all types in 1936 is certainly still under five millions. The Trades Union

Congress, which includes most of the important unions except those in the Civil Services and the teaching professions, reported in 1936 a paying membership of 3,614,000.

Trade Union Membership To-day. Up-to-date figures are not available except for the Unions which belong to the Congress; and accordingly the Congress figures are used for the most part in this chapter. Of the groups omitted, the strongly organised Post Office workers and the rest of the Civil Service associations were compelled to leave the Congress by the Trade Union Act of 1927, which forbade them to be associated with Unions not confined to State employees. These groups maintain their organisation, but have now only informal contacts with the rest of the Trade Union movement. The teachers' associations, on the other hand, including both the National Union of Teachers and the sectional bodies organising secondary, university, and other special groups of teachers, have always remained outside the Congress of their own will, insisting on their "non-political" character and preferring to keep apart from the general body of manual workers. A number of the other non-manual workers' societies, such as the National Association of Local Government Officers, the Bank Officers' Guild, and the journalists' associations, have followed a similar policy. Even if we consider only workers who are organised in some sort of trade association, the main strength of the Trades Union Congress still lies among the manual workers, and a large proportion of the organised non-manual workers are outside its ranks.

Potential and Actual Trade Unionists. Bearing these limitations in mind, we can make a broad comparison between the numbers of potential and actual Trade Unionists in Great Britain. The number of workers insured against unemployment, including the recently insured agricultural workers, is rather over $13\frac{1}{2}$ millions. This excludes established Civil Servants, the majority of railwaymen, and certain smaller groups exempted from

TABLE LXII
THE STRENGTH AND WEAKNESS OF TRADE
UNIONISM IN 1936

	Numbers Insured ooo's	Numbers Unemployed ooo's	Numbers Employed ooo's	Numbers Affiliated to T.U.C. ooo's	Per cent of all Insured	Affiliated to T.U.C. Per cent of all Employed
1. Coal Mining	939	190	749	515	54	69
2. Other Mining and Quarrying*	102	12	90	9	9	10
3. Railways	140	10	586†	413	—	70
4. Road Transport and Docks ..	593	85	508	479‡	—§	—§
5. Sea Transport and Fishing ..	179	38	141	60	33	43
6. Shipbuilding*	157	49	108	73	46	68
7. Engineering, Foundries and Vehicles*..	1,047	81	966	342	33	35
8. Iron and Steel*	259	42	217	79	30	36
9. Miscellaneous Metal Trades* ..	687	52	635	31	5	5
10. Building and Woodworking ..	1,210	140	1,070	304	25	28
11. Printing and Paper	420	26	394	161	38	41
12. Cotton	442	42	400	190	43	47
13. Other Textiles	743	120	623	108	15	17
14. Clothing, except Boots	473	57	416	86	18	21
15. Boots and Shoes and Leather ..	206	23	183	96	47	52
16. Food, Drink and Tobacco* ..	554	48	506	27	5	5
17. Pottery and Glass	122	20	102	13	11	13

18. Distribution	..	..	2,007	183	1,824	203	10	11
19. Agriculture	..	..	550	2	548	31	6	6
20. Public Services*	..	..	485	79	406	50	10	12
21. Commerce and Finance	..	..	261	10	251	41	16	16
22. Professional Services	..	..	153	7	146	5	3	3
23. Entertainment and Sport	..	..	122	21	101	8	7	8
24. Hotels and Restaurants	..	..	426	49	377	General and Miscellaneous 290 33|| 37||		
25. Laundries	..	..	134	8	126			
26. Dyeing and Cleaning	..	..	26	1	25			
27. Cement, Concrete, Coke Ovens, etc.	..	..	54	7	47			
28. Bricks, Tiles and Pipes	..	..	101	8	93			
29. Chemicals	..	..	215	16	199			
30. Other Manufactures	..	..	160	13	147			
31. Gas, Water and Electricity	..	..	200	18	182			
32. Public Contracting	..	..	277	118	159			
33. Other Industries and Services	..	..	165	35	130			
			13,608	1,614	12,450	3,615	27	29

* A considerable number of workers in these trades belong to "general labour" unions.

† Total employed, including uninsured workers.

‡ Including workers of other trades organised in Transport and General Workers' Union.

§ See under Groups 24-33.

|| Including Road Transport and Docks.

unemployment insurance; and it also excludes domestic servants. On this basis, the workers affiliated to the Trades Union Congress number about one in four of the entire working class.

But perhaps a fairer basis of comparison is with the numbers actually in employment, for a great many unemployed workers lapse from membership of their Unions. On this basis, adding in the uninsured but employed railway workers, but not the rest of the omitted groups, the Trades Union Congress can claim to represent approximately 29 per cent of the manual and non-manual workers in the insured trades. Evidently there remains an enormous field open for recruitment.

The nature of the movement's strength and weakness becomes a good deal more evident when attention is directed to particular industries and services. Inevitably, no exact comparison is possible; for Trade Union organisation does not always follow the same grouping as the industrial classification of the Ministry of Labour. A large number of the less skilled workers who are organised belong to "general labour" Unions—the National Union of General and Municipal Workers or the Transport and General Workers' Union—which include members drawn from a wide variety of industries and occupations. Nevertheless, a broad idea of the strong and weak points of Trade Union organisation can be got by comparing the Trades Union Congress returns with the Ministry of Labour's figures of insured and employed workers in the various groups.

Well-organised and Ill-organised Industries. It will be seen at once that, for the most part, Trade Unionism is still much at its strongest in the older basic industries. The railwaymen, who became well organised relatively late—only just before the war—now indeed occupy the leading place, as having the largest proportion of organised workers to the total employed. But next come coal-mining and shipbuilding; and cotton also remains among the better-organised groups. These facts show that even deep and

prolonged depression has not availed to destroy the hold of Trade Unionism in those industries in which the tradition of organisation is strong. If the building up of the Trade Union movement has been a long and difficult process, it has resulted in a structure which cannot be easily demolished even by the most severe adversity of conditions.

On the other hand, it appears no less plainly that Trade Unionism has not yet established any secure hold over the greater number of the newer industries and services which are rapidly increasing in relative importance. In the food, drink and tobacco trades, the percentage of workers organised in craft or industrial Unions is only 5, and in the miscellaneous metal trades only 3. It is only 10 or 11 in the distributive trades, which now constitute the largest group of all. It is infinitesimal in the hotel and restaurant services, and in laundries, and very small among clerical and commercial workers of almost all types. It is true that in some of these groups, notably in the newer factory trades, such workers as are organised are largely enrolled in the "general labour" Unions; but, even so, the proportion of organised to unorganised employees is very low.

In addition to the older basic industries, the best-organised groups are in the various branches of transport, in the printing trades, and in boot and shoe manufacture. The group comprising the engineering, foundry and vehicle trades embraces some well-organised sections, together with others in which Trade Unionism is almost non-existent. The rising motor industry is largely unorganised; and Trade Unionism is, in general, weak among the less skilled workers who form a large proportion of the employees in most of the expanding branches of metal-working. In the building and woodworking trades, despite the boom of recent years, the percentage of Trade Unionists is fairly low, chiefly on account of the almost complete collapse of organisation among the builders' labourers, among whom unemployment has remained at a high level throughout the boom. But there are also many non-Unionists among the building craftsmen. The textile industries, except

cotton, are very weakly organised. Trade Unionism has lost ground in the woollen and worsted industry, and gained very little foothold in the expanding artificial silk industry, with its high percentage of nearly unskilled female labour. The clothing workers, except the boot and shoe operatives and the more highly skilled sections among the tailors, are very poorly organised; and the agricultural labourers, after a brief boom in Trade Unionism during and just after the war, have returned to their old isolation except in a few centres, such as the Eastern counties. Even road transport, which is well organised on the passenger side in London and some other big cities, has a great mass of non-Unionists among the lorry-drivers and in the passenger services outside the largest centres of population.

Of course, the paying membership of Trade Unions affiliated to the Trades Union Congress does not fully represent the extent of Trade Union feeling. In addition to the Civil Servants, there are a number of smaller Unions which do not belong to the Congress; and there are in many trades numerous former members of Trade Unions who have allowed their membership to lapse, often on account of unemployment, without losing their feeling of solidarity with the working-class movement. There exist, moreover, among the unorganised workers many who would be quite ready to take part in a strike, and very likely to join a Union, if the opportunity were offered without too much risk of losing their jobs, or if a wave of "labour unrest" swept again over the country.

The Opposition to Trade Unionism. Nevertheless, there are serious forces at work undermining Trade Union strength, even apart from the long continuance of severe unemployment in the ancient strongholds of the movement. One important factor is the greatly increased opposition of employers to the recognition of Trade Union rights. In 1919 it seemed as if, in the great majority of important industries, the long-drawn-out battle for the rights of collective bargaining had been decisively won. The railway companies and

the shipowners, long the leaders in the struggle against "recognition," had withdrawn their opposition, and had been forced to enter into regular bargaining relationships with their employees while their industries were subject to wartime Government control; and after the war these arrangements were maintained and accepted as lasting. Whitley Councils and similar bodies, based on full recognition of the Trade Unions, had been formed, or were in process of formation, in a host of trades; and the employer who still refused to have any dealings with the Trade Unions was becoming quite exceptional save in a very few trades. As a result of the changes brought about by the war, it seemed as if the question was no longer whether Trade Unionism was to be recognised or not, but whether recognition might not bring in its train new dangers of a loss of effective fighting quality, and of an increasing use of the Unions as agents for keeping the peace in the interests of capitalist survival.

These dangers were real enough in certain cases. But it soon appeared that the battle for recognition had by no means been finally won. The mineowners made a determined attempt to destroy the Miners' Federation after the struggle of 1926; and in certain coalfields, notably in the Midlands, "non-political" Unions still retain a considerable membership built up only with the employers' aid—for it is hard for men to resist giving way when membership of a "kept" Union carries with it preference in the scramble for employment.

The New Factories. But much more important than the mineowners' attempt to break up the miners' organisation is the tendency for employers in the newer industries to open and develop their factories, especially in the South of England, on a strictly non-union basis. This is made easier by the fact that the mass of labour employed in most of these newer factories needs relatively little skill. Machine-dexterity of a sort is required; but it calls for no prolonged training demanding regular apprenticeship, and it can be

transferred with comparative ease from one factory or mechanical occupation to another. Most of these establishments do need a small minority of highly skilled workers; and quite often this minority, or a section of it, belongs to the appropriate craft Union. But, even so, many of the firms, while tolerating the fact of membership among their skilled employees, refuse to have any collective dealings with the Trade Unions in which they are enrolled; and the handful of Trade Unionists does not dare, for fear of immediate dismissal, to attempt any sort of proselytising among the much larger numbers of non-union workers. Cheap transport, which has both diminished working-class isolation and caused the employees who work together in a single factory to live scattered over large areas remote from their place of work, has been a further factor making against Trade Unionism in the expanding industries.

§3. MODERN PROBLEMS OF TRADE UNION ORGANISATION

THERE IS, in fact, a serious danger of British Trade Unionism developing, in face of the new capitalism, into what American Trade Unionism has mostly been for a long time past—a movement restricted in power and influence to a fairly narrow range of industries, and even in these industries concerned chiefly with the wages and conditions of a minority consisting of the more skilled grades of workers. In the United States, non-unionism flourished, as it is now flourishing in Great Britain, especially in the rapidly developing trades operated by large capitalist firms and combines by methods of intensive mechanisation and mass-production; and if British employers have not yet attempted the formation on any considerable scale of “company Unions” on the American model (except in the coal mines), may not that be because this stage in the struggle between Capital and Labour has not yet been reached? There is no need for employers to waste money and energy

in founding "company Unions" as long as their work-people can be kept docile and unorganised without resort to such devices; and in most of the newer industries this is still the rule, though here and there strikes, usually attributed to "Communist influences," have broken out among the machine-operators in the new factory trades.

Trade Union Policy in the New Industries. The British Trade Unions, though they have conducted some membership campaigns, have so far made little intensive effort to establish their position in the new expanding industries. One reason is that, according to the established theory and practice of the movement, the enrolment of members is mainly a matter for the individual Unions, and not for the movement as a whole. But in most of the trades in which total employment has been rapidly increasing, there are either no Trade Unions specially concerned, or at any rate none nearly strong enough to be equal to the task. In the factory trades, or most of them, the matter is one primarily for the Unions catering for "general workers." But these Unions have far too little money or organising staff to be able to cover the vast field which lies before them. They are, moreover, to some extent specialised as well as "general" Unions. The National Union of General and Municipal Workers has its chief strongholds in the municipal services and in certain branches of metal-working; and the Transport and General Workers' Union is primarily a society of dock and road transport workers, with a "general" section attached. As long as there remain many municipal employees, engineering labourers, dockers, carters and omnibus-drivers unorganised, these Unions are inclined to hold that their first task must be that of consolidating their position in the industries in which they are well established, in preference to diffusing their energies over a host of almost wholly unorganised trades, in which they will be certain to encounter both widespread apathy and strong opposition.

Even where specialised Unions do exist, as in the

distributive trades, their strength is quite unequal to the task presented by the rapid growth of employment. The main strength of Trade Unionism in this field lies in the Co-operative movement, or in a few branches of wholesale distribution; and the Unions find it hard even to make a beginning with the enrolment of the great mass of workers employed either in small shops, which are difficult to reach, or in the great department stores and multiple shops, in which the employers' opposition is usually strong and often vindictive.

Consequently, little attempt is made, save spasmodically here and there, to bring the employees of the developing trades within the ranks of the Trade Union movement. The Trade Unions in the older industries cannot give much help, even if they would; for they are chiefly busy in trying to regain the members whom they have lost in consequence of the adverse economic conditions of recent years. Almost generally, Trade Unionism is on the defensive—trying to hold its own upon familiar ground, or at most to regain positions which have been recently lost. It seems to its own leaders to lack the resources for any widespread offensive against the developing forms of capitalism: it is afraid that, by attempting too much, it may forfeit the ground which it still somewhat precariously holds.

It is easy to understand this attitude. Nevertheless, it involves serious dangers. For the essence of the situation is that capitalism is not standing still, but is rapidly changing its scope and structure. The positions now held by the Trade Unions are declining in relative importance, because they are largely in contracting industries or sections of industries. The economic area which lies outside the range of effective Trade Union action is an increasing part of the whole area of industrialism. Trade Unionism of the established sort, even if it has shown its toughness in face of adversity, is in danger of shrinking up.

The Analogy of the U.S.A. As the situation in the United States has shown, it is quite possible for Trade Unionism

to be strong and well entrenched in one group of industries, and to be practically without a foothold in others. In the United States, miners, railwaymen, building craftsmen, printers and certain other groups have long been strongly organised, and more recently the garment workers have joined the well-unionised section of the American working class. But at the same time steel workers, automobile workers, rubber workers, oil workers, cotton operatives in the Southern States, and many other important groups have been almost wholly outside the range of Trade Union activity; and it is a vital fact that most of the newer and more rapidly growing industries have belonged to the unorganised group. It is not suggested that the situation is the same here as it has been in the United States; but there are features of likeness close enough to cause some disquiet. Production in Great Britain is now passing through an evolution which is already well advanced in America. A technique of mass-production is being developed, mainly for the home market; and under the new conditions the highly skilled workers, while they retain all their importance as key men, form a greatly diminished proportion of the total numbers employed in the highly mechanised trades.

Under these conditions, it becomes easier for industry to move out of its older centres, in which factories used perforce to be concentrated because of the availability in them of large supplies of indispensable skilled labour. The new factory, using mass-production methods, still needs skilled men to care for its expensive machines, but it needs relatively few of them, and these few can be easily imported to any area where it is decided to establish a works. The bulk of the labour can then be engaged locally, trained rapidly to the degree of manual dexterity which the mere operation, as apart from the setting-up and maintenance, of the machines requires, and easily replaced in the event of trouble, provided only that a sufficient total supply of workers is in the labour market.

The skilled men may be, and may remain, Trade

Unionists. But, transferred to the new factory area, they are no longer living in a Trade Union atmosphere as they were in their old homes. The main body of less skilled workers has probably never belonged to a Trade Union, and has no tradition of organisation or collective bargaining. The skilled men are probably faced by a refusal on the part of the management to recognise the craft Unions—often quite a number of separate bodies—to which they belong; but they have behind them no mass body of support from their fellow-workers in the factory if they persist in their demand. If they attempt to meet this difficulty by persuading the less-skilled workers to join a “general labour” Union, they are fully as likely to get discharged themselves before they have made any headway as to succeed in their endeavours. Accordingly, their line of least resistance is to keep quiet, to make no attempt at unionising the factory as a whole, and to refrain from pressing even their claim for recognition of their own Unions. This is the easier because the employer in the new mechanised factory very often feels no strong objection to paying the small minority of skilled craftsmen their standard rates of wages, or even well above these rates. The effect on his costs of production is very small; and he is often prepared to pay well in order to prevent the small group of skilled men from taking the lead in a mass revolt.

Inevitably, it follows that the workman with strong Trade Union or Socialist convictions, who will not or cannot keep quiet, runs an exceptionally high risk of getting the sack. Even if he is a good workman, there are enough men out of jobs where he came from to make his services far from indispensable. If he makes a nuisance of himself, from the employer’s point of view, out he goes; and his Union, having no mass organisation to appeal to in the factory, can do nothing for him.

The Problem for the Trade Unions. For the Trade Union movement as a whole, this constitutes an exceedingly dangerous situation. Trade Union power in the State

depends on the command which the Unions have in the key industries, not merely in the sense of their ability to dislocate essential services, but also in that of being the main sources of the capitalists' profits. Under the old conditions, the strongly entrenched position of Trade Unionism in mining, iron and steel, engineering, shipbuilding, and the cotton trade sufficed to give it this position of command. But nowadays coal, shipbuilding and cotton are of much smaller relative importance in the capitalist system as a whole; and while the metal industries retain their position, some of their key branches have slipped, or are slipping, out of Trade Union control. Trade Unionism remains strong on the railways; but they have been forced to yield their monopoly before the development of transport by road: so that a railway strike is no longer nearly so paralysing to industry and commerce as it used to be. Total Trade Union power is bound to shrink unless the Trade Unions can establish an effective lodgment in the rising industries—such as the newer metal industries, the trades making miscellaneous consumers' goods, and, last but not least, the rapidly growing services, such as distribution and goods transport by road.

Nor is the problem solely one of organising the newer industries as such. It is fundamentally one of establishing a sentiment of Trade Union solidarity among new types of workers, or at least among types of workers who have never in the past built up a strong and continuous Trade Union tradition.

The Problem of the Machine Operator. The difficulty here lies largely in the fact that the employees in the newer factories have for the most part no such lifelong attachment to a particular trade as the skilled craftsman. The craftsman, having passed through his long apprenticeship, was thereafter committed to following a particular skilled calling for the rest of his life, with a relapse into ill-paid unskilled labour as the sole alternative. He had therefore the same highly intensive interest in the fortunes of his craft as the

doctor or lawyer or any other skilled professional worker has in his. His Trade Union was a professional association, aiming at the inclusion of the whole group of qualified persons, as well as a part of the wider working-class movement. This gave it its power to survive, and largely maintain its strength, through periods of depression and defeat: so that the membership of the craft Unions fluctuated much less than that of other Unions, which usually lost on the down grade many of the members whom they had gained in periods of improving trade and unrest.

The main body of workers in the new, highly mechanised establishments have no lifelong craft. A good many of them are girls, who expect to leave "gainful employment" on or soon after their marriage, and are, in any case, quite prepared to shift from one type of factory to another, and mostly in no such dire fear of losing their jobs as the skilled workman with a family depending upon him. This lack of fear may sometimes make strike action easier, when some "incident" occurs; but it does not make for stable or continuous organisation. Nor are these girl workers for the most part nearly so interested in the terms and conditions of employment as workers who expect to remain subject to them through most of their lives.

The difficulties of effective Trade Union organisation are not confined to the women workers. The majority of the men are also without a definite craft to which they have been apprenticed. They, too, are dexterous, rather than skilled, and therewith more readily transferable to machine-operations of similar type, but perhaps in a quite different industry. They may be prepared to join a Trade Union, when as a group they are conscious of immediate grievances, or when industrial unrest is in the air; but they are not easy to convert into stable members, who will go on paying their weekly contributions in good and bad times alike, and feel a sense of loyalty to Trade Unionism extending far beyond their immediate and personal interests.

The Need for New Methods. The task of organising the main body of workers in the newer industries is bound to be difficult; but it is made harder by the fact that Trade Union methods of action are not well adapted to it. These methods were worked out at a time when the craftsmen formed a considerably larger proportion of the total number of employees in the industries which dominated the economic system. It was necessary to organise the less skilled workers as well; but if the craftsmen could be effectively enrolled they usually provided a strong enough body to draw the others behind them in case of need. Under these circumstances there was a good deal to be said for leaving each craft to look after itself in the matter of enrolments, and for basing Trade Union organisation mainly on the narrow, but intense, appeal of craft loyalty—with the wider loyalty to the movement as a whole coming second. But in these days, in a growing number of industries, that method will no longer work. The craftsmen are fewer, more scattered and less powerful or able to leaven the lump; and the separate appeals of a number of different craft Unions are a most ineffective way of trying to break down the anti-Trade-Union ban imposed by many of the employers.

What is needed in the newer trades is an inclusive appeal, designed to organise the entire factory, less as a unit in a particular industry—for “Union by Industry” does not mean much more than “Craft Unionism” in many of the newer branches of production—than as part of a general regional or national organisation covering all industries—or at any rate all with the exception of those few in which the lines of division are still clearly enough marked for separate industrial, or in some cases craft, Unions to afford the best instruments of collective bargaining. The miners, the railwaymen, the iron and steel workers, and a number of other well-defined groups will doubtless preserve their separate Unions organised mainly on an “industrial” basis; and craft Unions, linked up into industrial Federations, will continue to exist in the cotton, building, printing

and certain other groups of trades. But for the "rest" what is needed to-day is some inclusive form of Unionism, wider in its basis than the existing "general labour" Unions, and so organised as to make, whenever possible, the large factory its real unit of activity and administration.

Strikes and Collective Bargaining. This raises an important question of policy. The Trade Unionsism of the past built up its strength largely by concentration upon a limited number of issues of general concern to the members of each society. Each craft Union sought, above all else, to establish and enforce a standard rate of wages for each district, a standard working week either locally or over the whole country, and certain standard rules about apprenticeship, overtime, the fixing of piecework prices (where payment was made by results), the demarcation between trades and between skilled and less skilled operatives, and a very few other outstanding matters. Its aim was, as a rule, to make the results of collective bargaining operate uniformly over the widest possible area. Its ideal was a national agreement, under which matters were to be satisfactorily adjusted for all its members by means of a single instrument.

Under the changed conditions this policy becomes increasingly inapplicable. There are no standard rates for most of the mechanised factory occupations in the newer industries, nor can such rates be fixed on any uniform basis. The wage-rates are bound to vary in accordance with the nature of the machine-equipment in each separate factory. Each establishment will tend to have its own distinctive technique of production, its own peculiar methods of grading and paying its workers, and its own separate problems and grievances among the employees. Possibly in time there will arise a new tendency towards uniformity which will make possible a return to the traditional methods of bargaining. But for the present this uniformity does not exist: nor is there sign of its advent.

The Trade Unions, however, are reluctant to change

their ways, and more disposed, as we have seen, to hold on to what they have than to risk losing it by embarking on new adventures. The consequence is that the workers in the newer trades for the most part take what the employers give them with hardly any protest or attempt to formulate their own terms, or, when they do protest, operate by way of sporadic and unco-ordinated forms of mass action arising within the individual factory. There are scattered strikes, often declared at a moment's notice when indignation has flared up over some act of tyranny or in the hope of taking the management by surprise; and sometimes these forms of action secure substantial concessions from firms which are making good profits, and do not want to face an interruption of their work.

It is remarkable with how many of the strikes of the past few years official Trade Unionism has had nothing to do, or at any rate nothing except to deplore the impulsiveness of the workers' action. Sometimes the local Trades Council, where there is one, plays some part; but most of the Trades Councils are not very powerful or effective bodies, and the national Trade Unions usually take little notice of them. Sometimes the Trade Unions arrive on the scene when the strike has begun, organise the workers for the time being, and proceed to negotiate some sort of settlement on their behalf, usually establishing at the same time some procedure for the peaceful adjustment of future disputes. The official Trade Union organiser then goes away; but hardly is his back turned when some fresh trouble arises and, more likely than not, the workers, encouraged by their previous success, come pouring again out of the factory—for the further manœuvre of occupying it has not been much practised here, except by the coal-miners in recent "stay-down" strikes. The management then appeals to the Trade Union, on the ground that the workers have violated the recent agreement; and the Trade Union orders the strikers back to work, and probably suspects them of being under "subversive Communistic influence"—as, of course, they occasionally are. The workers, untrained in Trade Union

methods, then accuse the Trade Union officials of "taking the bosses' side"; and there is a general exchange of recriminations, which all too often end in the collapse of the precarious organisation constructed as a result of the first dispute.

Behind this sort of conflict lies a very real difficulty. The Trade Unions, accustomed to regular processes of collective bargaining, regard it as axiomatic that the employers cannot be made to honour agreements unless the workers are prepared to honour them too. In the official Trade Union view, when a dispute arises, the first step is to exhaust all the resources of negotiation, and only if these fail to resort to a strike. The strike is regarded as a weapon to be held in reserve, and used only in the last resort; and it is thought much better, as well as cheaper, to get concessions by negotiation than by an actual withdrawal of labour. The strikers, on the other hand, when the Union steps in and negotiates their first settlement for them, count their gains, and attribute them to their action in striking. They pay little attention to those terms in the agreement which lay down a procedure for settling future disputes; and as soon as a new grievance arises it seems to them that another strike is the natural way of seeking a remedy—especially if the management belongs to that large class of firms which refuses to recognise Trade Unionism at all until it is driven into recognition by the necessity of settling an actual dispute involving a stoppage of work.

Moreover, if the workers regard prompt strike action as their natural weapon, the management, on its side, is often lying in wait to withdraw, as and when it can, some of the concessions which have been wrung from it. Often the manager and his immediate subordinates hate Trade Unionism, and adopt a policy of pinpricks even after recognition has been conceded. Often attempts are made to weed out or to victimise the "ringleaders" of the strike movement. The Union officials, far away from the factory and visiting it only when trouble has actually occurred, can know little about such day-to-day happenings; and

they are apt to make quite inadequate allowances for the annoyance caused by them when they reprimand their members for breaking a signed agreement and violating Trade Union discipline.

Policy of Trade Unionism. Behind this conflict of attitudes lies another conflict—between those who believe that the chief business of the Trade Unions is the peaceable protection of the workers' short-run interests under capitalism, and those who hold that the Unions should act chiefly with the purpose of arousing the workers for the speedy overthrow of capitalism. If the capitalist system is to be superseded within a few years, it matters relatively little whether the workers get good or bad wages and conditions while it lasts; whereas, if it is to endure for a considerable time, these things matter a very great deal. Present-day Trade Unionism has grown up, and has devised its methods of action, on the assumption that capitalism is to continue long enough for the principal concern of the Unions to be with the conditions which capitalism can be induced to concede. The Trade Union leader will tell you that he cannot behave as a Socialist agitator because he has "a responsibility to his members"—a duty, that is, to make their conditions under capitalism as tolerable as they can be made. Nor is there much doubt that this is what the majority of the members of the old-established Trade Unions wish their leaders to do.

If, however, this "reformist" type of Trade Unionism is to have an adequate answer to its critics, it must adapt its methods to changing needs. A situation in which sporadic and unofficial strikes are almost the only means by which great masses of workers in the newer industries can get anything done for them is in itself a strong criticism of the inadequacy of the existing methods of Trade Unionism. If the Trade Union movement fails to establish its ascendancy in the developing trades, one of two things is bound to happen. The first is what has actually occurred in 1936 in the United States. The Trade Union movement will split

in half; and those Unions which believe in trying out new methods will go their own way. Or, if no such pioneers are forthcoming, Trade Unionism will cease to stand for the general interests of the working class, and shrink up into a sectional agency for the protection of a limited number of special, and for the most part decaying, craft monopolies.

If the Trade Union movement could create for itself a general workers' Union, strong enough and wide enough to organise, through its various departments, over the whole range of the newer industries and services, and if close working arrangements could be entered into between this general Union and such craft and industrial Unions as retained their separate existence, there is no reason why a successful campaign should not be inaugurated for the doubling of Trade Union membership. The conditions of success include, however, a considerable measure of decentralisation, and the formation of units of Trade Union government round particular factories rather than on a basis of individual crafts or local places of residence. What is needed is a sort of shop steward and works committee organisation, not loosely attached to the Trade Unions, but as an integral part of the regular machinery of policy-making and government, and therewith an attachment to this factory organisation of such craftsmen as the factory employs, even if they remain as members of their separate craft Unions.

As for policy, the critics must recognise that, while capitalism lasts, Trade Unions will have to enter into bargains with it—and to use their influence to secure that these bargains are observed. The problem of reconciling this need with the need for maintaining a fighting spirit among the Trade Union members has to be solved, not by refusing to keep bargains when they are made, but by refusing to enter into bargains which do not deserve to be kept, or are so unprecise as to leave the management plenty of loopholes for evasion.

We are not pretending that, under any conditions, Trade Unionism, in face of modern mechanised capitalism, can

have an easy task. In the nature of things, the Trade Union loyalty of the machine-operator is less intense than that of the apprenticed craftsman. The Trade Union means less to the typical modern factory worker than it meant to the generations which built it up. Relatively, the political movement is coming to mean more, and to embody the spirit of working-class solidarity to a much fuller extent. But that is no reason for throwing up the Trade Union struggle, or for consenting to a limitation of Trade Unionism to the older types of industry. It is a reason rather for intensive effort to adapt Trade Unionism to the new needs of the twentieth century. For assuredly, if Trade Unionism is allowed to decay or to shrivel up, the ultimate power of the workers to resist oppression and dictatorship will be gravely weakened, and the way made far easier for a Fascist, instead of a Socialist, revolution.

§4. PROSPECTS OF POLITICAL LABOUR

THE BRITISH people has its political as well as its economic affiliations. There are to-day about 30 million electors to the House of Commons, as compared with less than 8 millions in 1914. Among these electors, women are in a majority roughly proportionate to their present predominance in the adult population. To all intents and purposes Parliament, or rather the House of Commons, is now elected by adult suffrage, though plural voting remains in respect of business and university votes, and the expense of elections prevents poor men from getting into Parliament unless they can find an organisation prepared both to sponsor their candidature and to foot the bill.

The 1935 Election. In the General Election of 1935, seven-eighths of the voters in constituencies where there were contests cast their votes. Nearly 11,800,000 voted for the Government candidates and of these about 10½ million

voted Conservative. The Labour Party got 8,325,000 votes, and the I.L.P. and the Communists together 167,000; the two independent Liberal factions (Samuelite and Lloyd Georgeite) got rather under $1\frac{1}{2}$ million, and the various Independents rather over a quarter of a million. Clearly a large number of the poorer electors voted Conservative, and the anti-Socialist Government was returned mainly by the votes of the poor.

The Labour Party did, indeed, win back in 1935 a considerable number of the seats which it had lost in the collapse of 1931; and it polled a greatly increased number of votes. Labour gained about 100 seats, but it emerged from the election no stronger than it was after the "red letter" election of 1924, and not much more than half as strong in its parliamentary representation as it was in 1929. In the meantime the Liberals, who had helped in 1923 and 1929 to provide an unreliable "progressive" majority, had been almost wiped out as an independent force.

Two facts stood out plainly in the results of the election of 1935. The first is that a considerable part of the entire countryside remains solidly Conservative despite the forward movement of the Labour Party in recent years. The second is that the reduction in the number of Independent Liberal candidates, who numbered only 161 in 1935 as against 512 in 1929, has done very little towards improving the Labour Party's chance of winning seats, though it has helped to increase the Labour poll in a number of safe Conservative constituencies.

Voting by Regions. The realities of the political situation can be seen very much more plainly if, instead of regarding the country as a whole, we divide it up for analysis into a number of different regions. In the whole of South and East England, from Lincolnshire to Cornwall, but excluding London itself, the Conservatives and their "National" allies won 156 seats, whereas Labour won only 15, and the Liberals only 3. In terms of seats there was a Government majority of nearly 9 to 1. In London itself

the Opposition did better, Labour winning 22 seats, and the Liberals 1, to the Government's 39. But, including London, the whole of South and East England returned 194 Government candidates as against 37 Labour members and 4 Liberals. The majority against the combined Opposition parties was not far short of 5 to 1. In the Midland counties, it was more than 3 to 1, and even in the North-West nearly 3 to 1.

In Yorkshire and the North-East the Government Parties and Labour tied with 40 members each, with 3 Liberals giving the combined Opposition a majority. In Wales, Labour members numbered 18 against the Government's 10, and there were also 7 Liberals and 1 Independent. In Scotland, on the other hand, the Government secured 42 to the Opposition's combined total of 29, which includes Liberals, I.L.P.ers and the sole Communist, as well as Labour representatives. Wales, Yorkshire, the North-East Coast and Glasgow were the Labour strongholds. The Liberals retained only a seat here and there, except in Wales. The poorer areas in London, as well as on the Clyde, were largely Socialist, and so were almost all the coalfields, usually by overwhelming majorities. But the rest of the country was predominantly Conservative.

Over the whole of Southern England, excluding Greater London, the Labour Party won but a single seat—the coal-field area of the Forest of Dean. No less than twelve Southern counties returned a solid phalanx of Government supporters. Labour won some of the Greater London seats in Essex and Middlesex, but no seat south of the river except in London itself. The new residential suburbs surrounding London had almost all very large Conservative majorities, though Labour did win Romford on the boundaries of East London. Clearly, the migration of industry to the South has not yet favourably influenced Labour's electoral prospects in that area. Nor did the Midlands make a much better showing. Birmingham remained solidly Tory, mostly by very large majorities: not one of the Birmingham seats gained in 1929 and lost in 1931 was won back. Labour seats

TABLE LXIII
RESULTS OF THE GENERAL ELECTION OF 1935

		VOTES (thousands)				SEATS			
		Govt.	Labour	Lib.	Others	Govt.	Labour	Lib.	Others
<i>England</i>									
North-East	..	544	551	63	—	14	13	1	—
North-West	..	80	37	16	—	3	2	1	—
Lancashire and Cheshire	..	1,174	861	116	—	61	18	1	—
Yorkshire	..	997	989	115	—	28	27	2	—
East Midlands	..	595	535	36	—	23	8	—	—
West Midlands	..	921	605	68	—	35	10	1	—
South-West	..	754	394	34	2	34	3	2	—
Southern	..	2,155	1,004	163	—	77	4	—	—
Eastern	..	977	661	107	7	40	9	1	—
London ..	..	949	750	40	1	39	22	1	—
<i>Wales</i>		9,146	6,387	758	10	354	116	10	—
Industrial South	..	188	277	20	23	7	17	—	—
The rest	..	107	118	138	3	4	1	6	—
<i>Scotland</i>		295	395	158	26	11	18	6	—
Clydeside and Lanarkshire	..	423	405	23	14 (Indep.) 99 (I.L.P.) 2 (others)	13	10	1	4 (I.L.P.)
Rest of South	..	432	287	25	13 (Com.) 5 (I.L.P.)	15	8	—	1 (Com.)
Rest of Scotland	..	273	127	126	17	14	2	2	—
<i>Northern Ireland</i>		1,128	819	174	150	42	20	3	4 (I.L.P.)
	..	146	—	—	91	10	—	—	2

N.B.—University constituencies are omitted. Uncontested elections figure in the tables of seats, but not in that of votes.

in the Midlands came almost entirely from Staffordshire and from the coalfields; not a seat was won in Herefordshire, Shropshire, Worcestershire, Leicestershire or Northamptonshire, and only one—a coalfield seat—in Warwickshire. Even in Lancashire the Government held 8 seats, as against 3 for Labour, in Liverpool, and 9 as against 4 in Manchester and Salford; and Labour did badly in most of the textile towns. In all Lancashire, the Labour Party won only 28 seats in 1935, as against 40 in 1929.

Total Votes Cast. We have been speaking so far in terms of seats won, and not of votes cast, which are doubtless of greater significance for the political future. But, even if we consider votes, the conclusions to be drawn are not so very different. Over England, as a whole, the Government Parties secured 9,146,000 votes, as against Labour's 6,387,000, and 758,000 for the Liberals. There was a Government majority of over two millions as against the combined Opposition. In Wales, on the other hand, despite the continued vitality of Liberalism in Central and Northern Wales, Labour voters outnumbered Government voters by 100,000; but the majority was really a good deal larger than this, because of the number of Labour members who were returned at uncontested elections. In the contested areas, Labour had 1,400,000, the Government 1,300,000, and the Liberals 160,000; but the Labour Party had a much larger preponderance than this in the industrial areas. In Scotland Labour did much less well. Even if votes cast for the I.L.P. and the Communists are counted in the Labour total, Labour got only 937,000 votes as against 1,128,000 cast for the Government candidates and 174,000 for the Liberals. In the Lanarkshire and Clydeside area, the Labour Party and the I.L.P. together had a substantial majority over the Government parties; but in the rest of Scotland the Government vote was to the Labour vote roughly in the proportion of 7 to 4.

Sources of the Increased Labour Vote. In fact, over the country as a whole the increase in the Labour vote, with

which the Labour Party had to console itself for its failure to secure more seats, was accounted for mainly by two facts—the greatly increased support given to Labour in the coalfields, and the advancing Labour movement in the “backward areas,” in which there was no real hope of success. In “backward” areas the disappearance of the Liberals does usually mean a substantial addition to the Labour poll; for there is a “radical” tradition in districts dominated by Conservative landlordism, or in small towns in which Tory preponderance is great, and this induces anyone who is not a Conservative to vote Labour when no Liberal candidate appears, whereas in the areas which were the old strongholds of Liberalism it seems as if a larger part of the Liberal vote has gone Conservative than has transferred itself to the Labour side in the absence of a Liberal candidate. In these circumstances, the increase in the total Labour vote cannot by any means be taken as an indication of the likelihood of Labour winning in the near future a dominant position in the House of Commons.

The Labour Party, in fact, owed its increased poll chiefly to the increased size of the total electorate—besides the two factors which have been mentioned already. From the Labour point of view, the most serious factors to be reckoned with when the results of the 1935 election are considered are, in addition to the defection of Lancashire, the failure to make any substantial impression on the newer industrial and suburban areas which have been increasing so fast in recent years, and the tendency of former Liberal voters to vote for the National Government rather than for Labour. For this last factor should have destroyed the belief, held for many years, that the collapse of the Liberal Party would result almost automatically in the transference of its voters to the Labour side.

Except in Lancashire, there was in 1935 a very strong relationship between the Labour vote and the strength of Trade Unionism. Labour won its seats mainly in the old industrial centres, especially the coalfields, where Trade Unionism remains, even in face of economic change, an

unbroken power. In the minds of the majority of Trade Unionists in these highly organised areas the Labour Party is the Trade Union Party even more than it is the Socialist Party. But in the new areas where Trade Unionism is weak, Labour has won votes mainly by a Socialist, or at least semi-Socialist appeal. The Labour Party has in these areas no big nucleus of "safe" voters on whom it can depend almost irrespective of the quality of its candidates or of its propaganda. To-day the coalfield areas are virtually Labour "pocket-boroughs." But by far the greater part of the fundamentally rural areas, except a few in which a local anti-Conservative tradition is strong, are for the present safe Conservative seats; and all the richer residential and health resorts are definitely Conservative "pocket-boroughs." So, as matters stand, are the majority of the new suburbs and some industrial areas. It is, however, evident that Labour, unless it can conquer a substantial number of these seats, has no chance of winning an independent majority in the House of Commons.

It must not, of course, be left out of account that the Labour Party suffered a considerable set-back in 1931, when its best-known national leaders turned their coats. In some quarters comfort is taken, in face of the 1935 results, in the thought that time must be needed for recovery from so startling a reverse, and that presently the majority of Liberals, even though they voted "National" in 1935, can be relied upon to come over to the "Progressive" side. Such a view, however, is one of dangerous optimism. In the first place, it can by no means be taken for granted that the bulk of the ex-Liberal voters will come over to the Labour Party. Many of the older Liberals, especially where they have been held to Liberalism only by a local or family affiliation which was already to some extent in conflict with the growing Conservatism of their private opinions, have welcomed the chance of becoming in fact Conservatives, with the face-saving privilege of continuing to style themselves "Liberal Nationals."

The New Voters. This doubtless applies less to the younger generation; but it is doubtful whether, even if many of the younger Liberals came over to the Labour side, the Labour Party would be able to get an independent majority with their aid. More and more every year the voters who count are those who have no old-established party allegiances to maintain or revise. They are younger people who knew not Liberalism in the days of its glory, and they vote as they feel like voting, or as they are influenced to vote, without any defined party loyalty in their minds.

Who are these doubtful voters? They are mainly the huge army of clerks and typists, managers, shop assistants, garage hands, lorry drivers, attendants at cinemas, road-houses, swimming-pools and other places of amusement, hotel servants and restaurant workers and domestic servants. In short, they are all the host of workers in the industries which have been expanding as the older industries have declined. They are, in the vast majority of cases, non-Unionists. Their liability to prolonged unemployment has hitherto been small in comparison with that of the workers in the older industries; and accordingly, even if they have ever drawn Unemployment Benefit, they have had comparatively little contact with the Means Test or the Public Assistance Committee. By the standards of to-day most of them belong to the less unprosperous groups among the workers, and to the groups which have least tradition of collective activity. They have little or no consciousness of the traditions of the class-struggle against oppression amid which the old Trade Unionism grew up. And assuredly most of them are not Socialists in any sense which implies a conscious looking forward to a new kind of society.

Unless Trade Unionism works out for itself new methods of action, these voters will remain untouched in the great majority of cases by the Trade Union appeal. How then is the Labour candidate to enlist their support, except by appealing to them on purely Socialist grounds? An alternative open to him is that of basing his appeal on the advocacy of social reforms, and he may sometimes appeal along

these lines where there are pressing local or "stunt" issues which he can exploit. A Labour candidate may get elected here and there on the strength of his promises of improved housing, or more efficiently run local transport, or something of that sort. He may very occasionally win by identifying himself with some national agitation which is for the moment featured in the Press. But in most cases he will not get elected on the strength of a radical social reform appeal. That appeal is strongest where a large part of the electorate has had personal experience of the Means Test and of the relieving officer. In areas where chronic unemployment has been relatively little it is likely to appeal only to quite a small proportion of the electors.

But it is obviously far harder to win men by an individual appeal on behalf of either Socialism or social reform than to build upon a collective consciousness which they already possess as Trade Unionists united in a common struggle. It is especially difficult to win men and women over by a Socialist appeal when the actual conditions under which they are living are by no means intolerable in their eyes. Enough has been said in this book to show that the great mass of the British electorate consists of persons who are living at a definitely unsatisfactory standard of life, even in relation to such basic things as nutrition and health. But people are more inclined to contrast their actual living conditions with their past experience than to compare them with any standard of what might be if full use were being made of the available technical opportunities. Regarded in this light, the condition of the majority of the British electorate does not look so very bad. It is, on the whole, except for the workers in the depressed areas and industries, better than it has been in the past; and there is a disposition among those electors who are not to any great extent politically minded to base their politics, when they are called upon to vote, rather on the desire to keep things as they are than on the hope of changing them for the better.

Accordingly, the Socialist appeal in the relatively prosperous areas is apt not to get much more support in these

areas than the appeal of social reform. The traditional exhortations of the "Right" and "Left" alike among Socialist propagandists fall to a great extent on deaf ears. Electors cast their votes more in the hope of being left undisturbed to make their way in the world, or at least to go on as they are under the existing system, than in the light of any weighing of capitalism against the possible alternatives.

Re-distribution of Seats. It is not beside the point to observe that under existing conditions a re-distribution of seats in order to make electorates more equal from one constituency to another would be less likely to improve than to damage the Labour Party's prospects. The population is moving out of the old industrial areas in which Trade Unionism and the Labour Party are strong into the new suburban areas in the Midlands and South. Large constituencies are to be found, not in the old industrial areas, but in and around London and other growing towns, and it will be discovered on analysis that most of these huge constituencies return Conservative members to Parliament by overwhelming majorities. The average electorate for a constituency is only 48,000 in Durham, as against 85,000 in Middlesex. It is 55,000 in Glamorgan, and 75,000 in Surrey. It is true that, as against this, a number of the rural constituencies have small average electorates; but whereas it is quite uncertain how rural areas would be affected by a re-distribution of seats, it can be taken for granted that the general effect would be to increase very greatly the representation of the suburban areas. This might not be the case if re-distribution were made on the basis of approximate numerical equality for all constituencies; but, if the change were carried through under the auspices of a predominantly Conservative Government, it would undoubtedly be carried out on a basis which would lessen Labour's chances of electoral success.

Future Prospects. Even apart from re-distribution, enough has been said to show that the Labour Party has

a very formidable task before it if it is setting out to win for itself an independent majority in the House of Commons. The electorate in those areas which hold the balance of the power will not, as things are, be at all easily converted to any sort of Socialism; for the desire for Socialism, unless it comes as an instinctive deduction from the practical Trade Union experience of class conflict, demands qualities of imagination and adventurousness which are certainly not characteristic of the suburban population. As long as the suburbanites and the workers in the newer industries and services believe themselves to be tolerably secure in the conditions in which they are at present living, they will be in no mood for experiments which seem to them to threaten these conditions, however much the advocates of such experiments may hold out the prospect of a better society. They will vote predominantly for things as they are, as long as they believe that there is a reasonable likelihood of things remaining as they are, or even getting slowly and without undue disturbance a little better.

Under these conditions this great section of the electorate will, it is true, be just as reluctant to turn Fascist as to turn Socialist, though they may be quite prepared to accept gradually and tentatively an infusion of semi-Fascist methods into the practice of the Conservative Party. Most of them will not turn Fascist in the extreme sense, because Fascism is itself the product of an acute sense of insecurity and dissatisfaction. It arises to a great extent out of the same causes as make for the rapid growth of Socialist sentiment. Men turn Fascist when they have lost faith in the continuance of the conditions under which they have managed to find a tolerable accommodation with life. They turn Fascist out of a desire to do something where inaction seems to threaten them with disaster, and out of a strong desire to preserve the superiority which they have hitherto possessed—in fact, or at least fancied themselves to possess—over the groups and classes lower down the social scale. Fascism may receive recruits from the bottom classes as well—especially from that *Lumpen-proletariat* which represents

the principal uncivilised element in modern civilised communities. But its main body of recruits comes from those who are conscious of a threat to their existing status or possessions; and where no such threat is seen to exist in any formidable form Fascism makes relatively little headway.

It is, however, scant comfort for the Labour Party that the very forces which are impeding its own advance are also preventing Sir Oswald Mosley from making more rapid progress. For the Labour Party does believe that the established ways and standards of living of the great mass of the British people—including those who have hitherto enjoyed positions of relative superiority among the earning classes—are seriously threatened and, indeed, cannot continue to exist without both a fundamental change in the social system and in the even nearer future a determined and successful effort to rescue Western civilisation from its present drift towards disaster. Labour does not believe, as most of these suburban and non-Trade Union voters do still appear to believe, that it is possible for the British people to advance in prosperity, or even to maintain those advantages which it already possesses, in face of the threat of imminent world war leading to a general collapse. It believes that the advances in purchasing power which have accrued to large numbers of people in recent years—to those who have been able to find steady employment—have been the result of temporary and evanescent social forces—above all, of the dramatic collapse of world prices during the economic crisis of the past few years. We have seen to what an extent this collapse of prices has enabled the British people to buy cheap imports while selling its own products at relatively high prices in the markets of the world; and we have seen how greatly any revival in world prices of primary products is likely to react on British purchasing power. Already prices have turned upwards; and if the existing restrictive economic policies remain in being they are certain to advance much further and faster in the near future.

This, however, is not the real crux of the problem; for at present over the world as a whole economic affairs are playing second fiddle to political developments. What most deeply imperils the British standard of living is the threat of war; for a war waged with the infernally destructive weapons now at the command of nations will make a devastating sweep of the means of living as well as of life itself. Under present conditions international politics are in reality the key to the domestic situation; for the prospects of the British people depend on what happens in international affairs. This is what the electors in the relatively comfortable areas must be made to see if they are to be detached from their present almost unreflective allegiance to things as they are. It is true that the destruction of the comfortable belief that things can be left to go on much as they are will be liable to turn some of these electors into Fascists, and to increase the strength of the Fascist movement; but it can, rightly handled, turn a great many more of them, if not into conscious Socialists, at any rate into adherents of the political "Left" when they are casting their votes.

Conclusions. On this point we shall have more to say in our next chapter when we come to consider what is to be done. Before we come to this, let us attempt to sum up the conclusions which we have reached. The first conclusion is that Trade Unionism, if it is content with its existing methods alone, is destined inevitably to wield a declining power. It may succeed in keeping for a long time, unless triumphant Fascism sweeps it away, its hold on the older industries and services; but these will include a decreasing proportion of the working class, and a Trade Union movement based almost wholly upon them can no longer keep its predominant position to anything like the same extent as it used to do. Trade Unionism, if it takes this course, will become increasingly like the American Federation of Labor—organising efficiently enough in certain industries, but carrying with it no challenge at all to the capitalist

order of society, and possessing no hold over the great majority of workers who remain outside its privileged ranks. Trade Unionism, if it is to adapt itself to the conditions of the twentieth century, must make up its mind to conquer the newer industries, and in order to do this must adopt methods of organising appropriate to workers engaged in mechanised mass production, with its appeal to dexterity rather than to craftsmanship, and its corollary of readier transference of labour from one industry to another. It must build, in the newer industries and services, round the factory or shop as its unit of organisation; and it must create for itself a new inclusive type of Union, wide enough to embrace all the various industries and services over which transference of labour can easily occur.

Our second conclusion is that, if the existing political conditions persist, there is no prospect at all of Labour winning in the near future an independent majority in the House of Commons. It can win a majority only if it can succeed in persuading the electors in the newer industrial and suburban areas either to become in the mass Trade Unionists, and therewith to acquire the momentum towards Socialism which activity in the Trade Union struggle readily gives, or if, preferably in addition to this, it can persuade this same section of the electorate that they are living in a fools' paradise, and that there is no chance of their being left undisturbed by the world forces which are heading straight for economic and political disaster. These are not comforting conclusions for those who are too old to change their ways; but we are seeking in this book not to administer comfort, but to present the facts, pleasant or unpleasant, as objectively as we can.

CHAPTER X: WHAT IS TO BE DONE?

1. Liberty and the Law
2. Political Prospects in Britain
3. Foreign Policy and Peace
4. A People's Front
5. A Programme Suggested

§1. LIBERTY AND THE LAW

THERE IS ONE vital matter, very closely related to political and economic affairs, of which nothing at all has been said so far in this survey of the condition of the British people. This matter is liberty—the freedom to go where one likes, say what one likes, and do what one likes, within limits set only by the minimum requirements of living together in a civilised community. Absolute freedom to behave exactly as one chooses is of course impossible in any community; for even in the absence of laws, social traditions would impose restraints, and laws which restrain clearly anti-social impulses are within limits salutary, and serve to enlarge far more than to restrict freedom for the majority of men.

The Growth of Tolerance. Nevertheless, it has hitherto been regarded, at any rate in modern times, as not the least achievement of civilisation to have secured the individual an enlarged freedom to say and do things of which other individuals, even the most powerful, or even the received exponents of ordinary opinion, do not approve. It has been regarded almost as an axiom, at any rate in Great Britain, that the progress of civilisation is towards diversity of individual behaviour. For two centuries at least,

Western Europe has been gradually moving from the worship of enforced uniformity to the toleration of tolerance; and it has seemed not fantastic to look forward to a further advance from more toleration to a recognition of diversity as positively good. The growth of "liberalism" in the nineteenth century had more than a narrowly political or economic meaning. If it meant the freedom of the capitalist to get rich in his own way, without being regimented by the public power, it did also mean freedom to enquire and to question, to discover and to apply the results of research, to speak and act unconventionally with less fear of personal consequences than ever before.

This atmosphere of increasing liberty was largely responsible for the rapidity of material and scientific advance. The barriers having once been broken, knowledge rushed through at an unprecedented rate. True, this freedom of the intellect remained effectively a privilege of the few, and its advantages were but slowly and grudgingly extended to the everyday affairs of ordinary people. But "freedom to differ" did steadily extend; and human experience and capacity were the richer for it.

And the Decline. To-day, all this is threatened. The entire creed of humanistic "liberalism," never more than precariously held in Germany, and never held at all in Russia, is challenged out and out by believers in the "Totalitarian State," who are seeking to regiment mankind back into an orthodoxy more rigid and pervasive than that of the "Holy Office," and enforced by hardly less brutal and degrading inquisitions. The old inquisitors at least set out to save men's souls, and thereby recognised human individuality as an ultimate value. The new inquisitors of the twentieth century make no such concessions to the human spirit. In their eyes, the individual is but an instrument of the supreme State, which represents the divine unity of the nation. In himself the man is nothing: he counts only by virtue of his subservience to an abstraction which is the whole.

This atavistic doctrine clothes itself for the most part in the garments of Hegelian philosophy. It has, however, in reality, nothing to do with Hegel. It goes back a great deal further—to the herd huddling together for mutual reassurance in the face of the unknown, to the savage tribe celebrating its ritual propitiation of the unmastered forces of nature, to the taboos and shibboleths of the infancy of human society. It is a sheer throw-back to barbarism, a sheer negation of all the hard-won victories of centuries of endeavour. Armed though it be with all the overmastering resources of modern science, it belongs intellectually to the childhood of mankind.

Yet it grows upon us, because mankind is afraid. We have been in these latter days so much cleverer at working miracles than at controlling their effects that we go in perpetual terror of our own triumphs. But fear, now as always, breeds repression; for tolerance is a product of settled security, or the sense of it, and fear paralyses reason, and drives men back to the primitive protections of the herd. Political and economic nationalism win converts not as reasoned policies—however much their apologists may throw round them a cloak of apparently reasoned speech—but as instinctive reactions to the sense of danger. And the same impulses that make men cut their nation off from the world cause them to clamour, within the nation, for uniformity of behaviour and belief. Anything that is different seems to threaten the solidarity of the herd; any assertion of the right to differ is anathema, and he who makes it must be promptly suppressed.

Nor can this reversion to the desire for enforced uniformity take place without an accompanying reversion to primitive cruelty. Men, in their fear, desire not only to make the offenders conform, but to punish them for their trespasses; and punishment takes savage and even disgusting forms. Superficially, communities which are thus reverting to savagery retain their civilised ways of living; for all the apparatus of modernity remains intact. But they use the vast mechanical resources which are at their

command in the spirit of savages invoking the magic of their tribe. Their morality becomes a herd-morality, recognising no values beyond the law and custom of the herd. In relation to the world of civilised men, they become madmen, armed with weapons of terrifying destructive power.

Such madness cannot but be contagious. The frightened herd frightens others; and these others go the same way in proportion as their fears are aroused. If the stampeding herd threatens them with attack, they too must be solid for defence. It is no doubt possible for the defenders to maintain their rationality, and to order their measures of self-protection without giving up their civilised outlook. But they can do this only if they are able to keep their fears at bay. Let panic once lay hold on them, and they will become as irrational as their menacing neighbours, gibbering fury at every citizen who deviates by one hair's breadth from the "national" line.

Extension of Police Powers in Britain. The panic which swept Germany into Nazism, and threatens to devastate Europe, has not yet laid hold of the British people. There are, however, signs enough of its incipience. Ever since 1914, the upholders of personal and political freedom, even in Great Britain, have been fighting a defensive campaign. The freedoms abrogated during the war were never completely restored; for the legacy of an extended police power was left behind. There was no return to the old freedom of international movement. Every frontier was beset by passport officers as well as customs examiners; and the British police, as well as the police in other countries, were continually on the watch for subversive persons who might be trying to enter the country. There were *dossiers* for domestic as well as foreign agitators; and every "advanced" organisation knew itself to be watched and "suspect."

In the years after 1918 this extension of police activity was upheld on the ground that it was a necessary precaution

against Bolshevik threats of world revolution. The establishment of a Socialist system in the U.S.S.R., despite all the efforts of the Allies to dislodge it, and the chaos left in Europe by the misbegotten Treaty of Versailles, made a situation in which there could be no settling down, even in Great Britain, to the old sense of security. Henceforth there were two rival social systems actually in being in the world, each claiming universal validity; and there could not be even temporarily an agreed demarcation of territory between the two, because over a large part of Europe, and above all in Germany, a fierce internal conflict was in progress between them. The capitalist States were ready to go to any length in order to defend themselves against Sovietism; and the Soviet Union would stick at nothing that seemed necessary for consolidating its own position.

Great Britain, being at the periphery of this conflict, and practically devoid of revolutionary forces at home, was only mildly influenced by the sense of insecurity which prevailed over most of Europe. Consequently, there was no spectacular growth of repressiveness and intolerance. But after the police strike of 1919, there began a process of "purging" and "reforming" the police in order to make them a more assured instrument of the capitalist State; and the strike movements among miners and other workers in 1921 were met by the passing of the Emergency Powers Act, which armed the Government with vast autocratic authority in face of any extensive working-class revolt, however peaceable its methods might be. Use was made of these powers in 1926; and the General Strike of that year served as the occasion for the enactment of a far more directly repressive measure—the Trade Unions and Trade Disputes Act of 1927.

After the General Strike. Up to 1927, the history of Trade Union law for more than a century had been one of gradual liberalisation. Trade Unionism had been barely legalised in 1824-25, and given fuller legal recognition in 1871-75. Peaceful picketing had received legal sanction in

1859 and again in 1875; and the right to strike had been further protected under the Trade Disputes Act of 1906. Political rights, after being challenged by the courts in the Osborne case, had been given back, albeit grudgingly, to the Trade Unions in 1913.

But after the General Strike the trend was reversed. Peaceable in method and intention as the strike had been, the governing classes had been alarmed by it; and in 1927 they took their revenge. Not only general, but also sympathetic, strikes were declared to be illegal; the right of picketing was severely circumscribed: a new procedure of injunction, which had shown itself an immensely powerful weapon against Trade Unionism in the United States, was introduced into Great Britain. The Trade Unions of State employees were compelled to renounce their affiliation to the rest of the working-class movement, both political and economic; and Labour municipalities were forbidden to show special favour to Trade Unionists in selecting their employees. Moreover, an attempt was made to hamstring the political activities of the Trade Unions by substituting "contracting-in" for "contracting-out" in the payment of contributions to the "Political Fund," in the hope that the change would make it impossible for the Labour Party to fight elections with the expensive paraphernalia which the modern technique of propaganda demands.

Nor did matters stop here. Against "agitators" suspected of subversive opinions, obsolete Acts whose very survival in the Statute Book was an accident were revived. Tom Mann was sent to prison for refusing to be bound over under an Act of 1360, which enables magistrates to bind over citizens to keep the peace, even if neither the commission nor the intended commission of any offence can be proved against them. The Seditious Meetings Act of 1817, one of Lord Sidmouth's once-famous "Gagging Acts" passed just after the Napoleonic wars, was dragged out of its obscurity to prevent the holding of protest meetings near Parliament or the Law Courts. The Metropolitan Police Act of 1829 was used to break up Socialist meetings on the

alleged ground of "obstruction," even where circumstances were such that there was no traffic to obstruct. Meetings near Employment Exchanges have been persistently broken up by the police in London; and increasing difficulties have been put in the way of open-air and street-corner meetings all over the country, even at "pitches" which have been regularly used for generations.

The Right of Search. At the same time, the right of police search and seizure of documents has been stretched to the utmost. In the well-known case of *Elias v. Pasmore* (1934), when judgment was finally given against the police in the High Court, it was made perfectly plain that the police were in the habit of searching any premises occupied or frequented by suspected persons, and of carrying off from them any documents they chose, whether or not such documents had any relevance to the charges they were making, and even without a search-warrant. It was argued that this power of search, though no authority for it could be produced, and though it ran directly counter to Lord Camden's famous judgment in the John Wilkes case of 1765, had in fact become established by prescription, and was to be regarded as a recognised practice long accepted by the courts. In the *Elias* case, documents seized in the course of a search concerned with a quite different person were used as the basis for a prosecution which could not have been brought without them; and though *Elias* was successful in fighting this particular abuse of power, there is no doubt that many other persons have suffered under it, or that it persists despite the decision of the High Court. The police, indeed, quite openly claim that it is necessary for them to exceed the law; and their victims have seldom the resources to protect themselves.

The search for "objectionable" documents is by no means confined to those of political content. In recent years there has been a persistent endeavour to suppress books alleged to be "obscene"; and even the customs authorities have been pressed into service. Famous scientific writers,

poets and novelists have had their books confiscated and destroyed; and the effects have spread much further by making publishers and printers reluctant to take the responsibility for any work to which they fear some busy-body—even a “common informer”—may take objection. The Official Secrets Act too has been strained to cover “offences” of a purely technical character, as in the Compton Mackenzie case; and the hearing of such trials *in camera* further aggravates the danger.

The Law of Libel. Moreover, in recent years the law of libel, which used to be regarded as a valuable protection for the individual, has been so interpreted as to become a very dangerous instrument of tyranny. It is now highly perilous to utter a word of criticism even of the most predatory capitalist combine, for fear of being charged with libel, and, at the best, securing acquittal only at monstrous expenditure. Newspapers are now constantly the victims of professional blackmailers who keep a daily watch for any comment that will enable a libel action to be started; and often the newspaper pays up rather than face the well-known tendency of juries to award damages on the smallest pretext. Far more often, of course, the newspapers, out of caution, suppress reasonable comments which ought to be made; and this applies especially to the poorer journals, and to poor printers, for neither of these can face the prospects even of successful litigation.

All these invasions of liberty operate chiefly to the disadvantage of the poor. So does the freedom claimed by the police to take up persons suspected of “loitering with intent.” Only by a very rare accident are these powers used against “gentlemen,” who are usually in a position to make effective protest. The poor, on the other hand, suffer under them continually; and magistrates regard it as perfectly natural that the police should behave differently in dealing with “gentlemen” and with “common people.” “Rioting” and “ragging” may be pretty much

the same thing; but they are treated very differently. Street-betting meets with very different handling from "share-pushing"; and the gambling of the rich is practically immune from legal hindrances.

The Machinery of Justice. Among these examples of the decline of British liberty we have not included, as many writers do, the recent growth of "administrative justice." It is, of course, true that, in view of the complexity of modern legislation, more and more of the poor man's contacts with the law are coming to be, not with the ordinary courts, but with special administrative tribunals of one sort or another. Cases under the Unemployment Insurance Acts go before special bodies of this sort, with an "impartial chairman" and assessors—usually an employer and a workman or Trade Union official; and in certain classes of case the final appeal is to an "umpire" who is a State official and not a judge, though his work is in fact judicial. Much has been made of the assertion that this growth of "Government justice" destroys the liberty of the subject, which the courts exist to guard. But few working people are likely to sympathise with this view. The regular courts mean to them mainly the Police Court, where, in most cases, a majority of elderly "gentlemen" administer justice with scant appreciation of the working-class point of view. At the best the law courts mean to the working classes those higher courts in which workmen's compensation cases are settled on quite unintelligible grounds by judges who know little or nothing about the industries in which the accident occurred. We agree with Charles Muir, whose *Justice in a Depressed Area* is the first real attempt to state the workman's point of view in this matter, that most working-class people would sooner have their cases heard by a mixed tribunal including a workman's representative, with a professional chairman of specialist knowledge and experience, than by a bench of magistrates or even a County Court or High Court judge.

At present the entire machinery of justice is weighted

heavily against the poor. English justice is notoriously expensive; and that in itself tells grievously against the poorer litigants. It is, moreover, except for criminal cases, highly centralised; and even for criminal matters the Assize Court, with its obsolete ceremonial and its touring judge always in a hurry to be gone, is a thoroughly unsatisfactory instrument. The machinery of justice needs simplifying and cheapening from top to bottom if there is to be any reality in the pretension of equal justice for rich and poor. Equal justice is, indeed, impossible under a class-system; for "gentlemen" will never judge "gentlemen" and "non-gentlemen" by the same standards, and no judge or justice can always keep his political and social prejudices out of a case which stirs them up. But inequality could be made less if the method of "representative justice," with a workman's representative always on the bench where workmen's rights were in question, were more widely applied. The great lawyers regard such ideas with horror; but is not their horror roused more by the prospect of litigation becoming cheap and unprofessional than by fears of the miscarriage of justice?

Fascism and the Police. We are here concerned, however, less with the fundamental faults of English justice, which come down from the past, than with the tendency for repressiveness to increase as the basis of the existing social system grows more insecure. It is impossible, in the light of recent happenings, to acquit the police and the courts of bias in the handling of different types of political offenders. The workman who, probably after bitter experience of prolonged unemployment, is accused of "seditious" utterances, goes easily to gaol: the gentlemanly young Fascist, who makes a boast of violence and swaggers about trying to induce race-hatred and pogroms against the Jews, is usually let off with no more than a caution. "Boys will be boys," the magistrate is disposed to say, even if the "boy" is in fact a salaried Fascist thug. But boys are not supposed to be boys among the "lower orders." Indeed, in the eyes

of many among the governing classes, every "common" person is a potential criminal.

Admittedly the situation is not without difficulty. Hitherto, the public meeting has been, on the whole, an instrument of democracy; and democrats have sought to defend and extend the rights of free speech and assembly to the utmost. But Fascism has given a plain demonstration of the ease with which, under favourable conditions of insecurity and unrest, demagoguery can be converted into an anti-democratic instrument. Public meetings can be hired, as well as assembled under the influence of political interest or mere curiosity; and disorder can be deliberately provoked, in order to get the opportunity of repressing it with violence. It is all very well to argue that law-abiding citizens ought to stay away from provocative gatherings of this sort. The plain fact is that, when feelings run high, they will not stay away. There will be violent clashes between the two sides, followed by mutual charges of having "started the row." The result will be to throw discredit on liberty, and to afford further pretexts for a stretching of police powers. It also should be observed that a "public meeting" from which law-abiding citizens are warned to stay away for fear of being beaten up is not really a public meeting at all, but a wilful provocation of disorder.

This would matter less, though it would still matter, if the police could be relied on to administer even justice. But of late years the controlling positions in the police force have been more and more filled up with army officers, whose social prejudices are seldom favourable to the poor. Then there are Lord Trenchard's college-trained young men, to remove the police yet further from contact with the common people. Finally, there is the new Sedition Act of 1934, which, while it deals directly with propaganda among the armed forces, reacts indirectly in other ways, by setting the police on the alert for the discovery of new forms of "sedition."

These endeavours of the governing classes to strengthen their defences are doubtless unavoidable as things are. We

may expect more, and more far-reaching, examples as the sense of danger grows more acute. In comparison with most countries, Great Britain is still a land of freedom; but already the tide has turned, and it is becoming year by year not more, but less free. There is so far nothing comparable in the development of the British reaction to what has taken place abroad: nor is British Fascism as yet at all a powerful movement. But the foundations are being laid for a gentlemanly semi-Fascism which will suffice, it is hoped, in the milder political climate of this country, to keep in subjection the forces which challenge the existing social system.

The British reaction will remain gentlemanly as long as the situation remains one which gentlemen can control. The thugs will be brought seriously into play only if and when the gentlemen feel that they are losing grip. But it is always convenient for the gentlemen to have the thugs in the background, both because they may some day want to use them and because, in the meantime, they provide a convenient excuse for repressing the extremists in the opposite camp.

§ 2. POLITICAL PROSPECTS IN BRITAIN

IN THIS SITUATION, those who believe that the progress of civilisation depends on the growth of tolerance and the increasing acceptance by society of the rule of reason have a difficult task. The gentlemanly forces are sufficiently entrenched in the positions of power, and sufficiently organised in the Conservative Party, to be able to act with promptitude and decision; and though for the present they give no official countenance to the semi-gentlemen of the Fascist movement, they know that they can at any time bring them in on their side. On the other hand, the forces which stand, in varying degrees, for progress and democracy are disunited, hold none of the key positions, and spend a

large part of their energy in bickering among themselves. The working-class movement, organised mainly in the Labour Party, has both the I.L.P. and the Communists barking away on its left. The Liberals are still hopelessly divided, both in Parliament and outside. The "progressive persons" not officially connected with any of the party machines run to and fro, creating societies for this and that in unending profusion, but for the most part achieving but a series of entrances and exits of the same "stage-army of the good."

Of all the "progressive" elements, the Labour Party alone has a large rank and file membership. But we have given our reasons for believing that, as matters stand, the Labour Party stands little chance of rallying behind itself a majority of the people. The "progressives," as a body, will not follow its lead; and the great unorganised mass of poorish voters will not at present accept its protagonists as theirs. If there were infinite time to spare, the Labour Party might gradually establish its ascendancy and widen its appeal. But there is no time to spare: there is positive urgency, on two distinct but related grounds, to get something done at once.

The first of these grounds is that the condition of Britain, as it has been disclosed in this book, is deeply unsatisfactory. Doubtless, poverty used to be worse than it is now, for the majority of the people. But poverty has to be judged by a relative rather than an absolute standard. A people is poor whenever it is poorer than it needs to be, in view of the national capacity for the production of wealth. By that standard, Britain to-day is poorer than China. It is wasting far more resources which it possesses all the ability to use.

If the "progressive" forces remain divided, the Conservative Party seems likely to go on ruling Great Britain for an indefinite period. If Labour cannot win a majority against it, clearly no other party can: nor does the situation of 1924 and 1929, when Labour took office with qualified Liberal support, seem likely to be reproduced in the face of

the continued decline of parliamentary Liberalism. Something different from the present electoral appeals of the Labour and Liberal Parties seems to be needed if any sort of "Left" majority is to be secured.

If Conservatism, either under its own name or under a thin veil of "Nationalism," is allowed to remain in power, it can be taken as certain that nothing will be done to combat the fundamental social evils which we have laid bare in this book. For these evils, as we have seen, are one and all mainly traceable in the last resort to the poverty of the many; and this poverty can be removed only by freeing production from the trammels of the profit system. Conservatism will neither re-distribute the existing wealth nor set to work to create plenty; for neither is consistent with the interests of the social groups which dominate Conservative policy.

This does not mean that nothing at all will be done; for at present the Conservative line is to make occasional secondary concessions to the claims of social reform, while taking care that as far as possible the burden of payment shall fall on the workers themselves. There may be more schemes of the order of Mr. Churchill's Contributory Pensions Act; or, if money for social measures has to be provided out of taxation, at the same time the tax system will be made more regressive, so as to take back with one hand what is given with the other. There may be "re-distribution"; but incomes will be re-distributed within the working classes, or even at its expense, and not in the interests of the poor as against the rich. We have shown in a previous chapter that this has been the characteristic of most of the "re-distribution" of recent years; and this tendency will certainly be intensified if Conservatism retains its power.

Along these lines no major advance is possible towards a healthier and happier British people. Even real re-distribution between rich and poor would not, as we have seen, solve the problem of poverty. What is needed is a radical change of system, designed to set free the technical powers

of production from all the restrictions now put upon them in the interests of profit-making. But it is fantastic to suppose that the Conservatives, who are the profit-makers, would ever inaugurate such a change.

If, then, we want to remedy the deep-seated evils described in this book, we must change the Government, and put in place of the nominees of the profit-makers the representatives of the common people.

§ 3. FOREIGN POLICY AND PEACE

THAT, HOWEVER, is less than half the story ; for we have so far assumed that the maintenance of Conservatism in political authority means that things will remain pretty much as they are. It is in fact very far from meaning this ; for Conservatism threatens, not merely to stand in the way of all real advance towards a better social system, but also to bring the social system under which we now live crashing down in chaos within a few years. The very possibility of social progress in Great Britain depends on the preservation of peace ; for the next war will be infinitely more destructive of social and economic values than the last Great War, and, if it is allowed to happen, the British nation will soon be considering not how it can advance to a higher standard of living, but how much it can save out of the wreck of its existing standards. If war comes, our description of the poverty of the British people will be likely to stand, in the eyes of future historians, rather as a record of lost prosperity than as a picture of transcended misery.

The Necessity of Peace. Peace is essential to social progress ; but peace, in the conditions of to-day, cannot be merely a matter of keeping out of war. The British people cannot hope to prosper in a devastated and impoverished world. Europe, at least, must get richer side by side with us, or we poorer together with the peoples of Europe. Our

task, if we value social progress, is not merely to keep out of war, but to prevent it.

But at present, so far from doing its best to prevent war, the British Government is giving every possible encouragement to the war-makers. Ever since 1931, triumphant Conservatism has been following, with only one or two half-hearted and soon abandoned deviations under pressure from public opinion, a foreign policy which could be justifiable only if it were possible for Great Britain to disinterest itself completely from what is happening in the rest of the world. One notable deviation did occur in the course of the Abyssinian crisis, as a direct consequence of the impressive demonstration which the British people had given in the Peace Ballot of its opinion on the issues of war, peace and the League of Nations. But it soon became clear that the Government had no real intention of remaining loyal to the League by following to its logical consequences Sir Samuel Hoare's eloquent verbal protest against Italian aggression. The British Government was soon back on its old course; and the chance of building up with the support of the smaller nations a League capable of resisting aggression was thrown away.

After that one brief concession to British opinion, the Government gave up the League for good and all. To-day, rearmament for national and Imperial defence is being carried through at a prodigious rate and at a high cost—for the Government refuses even to take any effective steps towards controlling the profits of the armament manufacturers.

Britain is rearming fast, but there is no definition of the policy which these new armaments are intended to further. For all the British people knows, they may be used for Fascism rather than against it; for clearly there is no readiness to build up, in collaboration with those European Powers which are committed to the cause of peace, any collective system of pooled security for the prevention of war. There is no willingness to help any democratic country, or indeed any country, which is the victim of

unprovoked attack. Indeed, despite the Imperialist composition of the Government, there appears to be an unwillingness even to defend what have until now been regarded as essential Imperial interests. As far as Great Britain is concerned, any blustering malefactor in the world can have his way; and all Europe can go to the devil if only Great Britain can for the time being keep out of the mess.

But can Great Britain keep out? Out of the next war, which may come at any moment, possibly yes; but hardly even out of that without allowing all Western and Central and Southern Europe to pass under the domination of Fascist militarism. Yet, if we do allow that, what chance is Great Britain likely to stand in the next war but one, when exultant Fascism, having slaughtered our natural allies, turns to the annexation of the British Empire as its next objective? None at all. Nor, in such a situation, will a shred of British democracy survive. If Great Britain has to fight Fascism under these conditions it will fight with Fascist weapons.

The Arming of Democracy. In face of these facts, many anti-Fascists argue that it does not much matter, because Great Britain is bound to go Fascist in any case if it seeks to oppose the aggression of the Fascist countries. Will not British Labour, they say, if it consents to rearmament, be handing itself over, tied hand and foot, to be the slave of British reaction? So it will, if its support is given without conditions. But it need not be so. The task before the Labour Party, as the natural rallying point for the British "Left," is to take the lead in creating a democratic movement powerful enough to drive the present Government from office and to assume power in its stead. Until that has been achieved, the right policy for the "Left" is to oppose rearmament—for we cannot run the risk of arming the present Government with weapons which it may use on the wrong side. But the "Left," if it were back in power, would be right to support rearmament, preceding it by a clear definition of policy and confining it within certain

very definite limitations. A democratic Government would be right to rearm, but only on condition that its armaments were explicitly designed to form part of an agreed equipment of military resources under the joint auspices of all the genuine League Powers, and to further an agreed collective policy of popular defence. On these conditions, it would be right for the democratic Powers to build up pooled military resources on a scale adequate to ensure their immunity from Fascist attack. The advocacy of pooled security along these lines is the indispensable first plank in the common platform of a British People's Front.

Gradualist Fascism. The only alternative that we can see to this policy, in view of the unlikelihood of an immediate electoral victory for Labour acting alone, is the acceptance of the inevitability in Great Britain, not of gradualist Socialism, but at the best of gradualist Fascism.

Doubtless at the first British Fascism will take far less spectacular shapes than have been assumed by Fascism in Italy and Germany; but in the end the work of destruction will be no less thoroughly done. Trade Unionism will be beaten into impotence; and with its disappearance wage-standards will come tumbling down, as they have tumbled already in the Fascist countries. The cost of living will rise as wages fall; for Fascism involves economic nationalism, which holds out peculiarly disastrous prospects for the British poor. The decencies of human living will count less and less as values worth pursuing: instead we, like the Germans and Italians, shall be taught to take pride in the arts of carnage and oppression. Ploughshares will be beaten into swords, and "agitators" into bloody pulp. Women will be shoved back into the social and economic inferiority from which they are but now making their escape; Jews will be insulted and persecuted—we can see a beginning of it already in the East End of London—and Christianity will be duly refashioned as the worship of Moloch. For if civilisation spreads round the world by imitation and example, so does barbarism. Unless the

democracies band themselves together formidably against war and Fascism, Europe is at the beginning of a new Dark Age.

We cannot stand aside; and equally we cannot afford to wait. Even if there were a good prospect of two or three more General Elections, spread over ten or fifteen years, bringing the Labour Party its hoped-for independent majority, of what manner of use would that be? In far less time than that the future of European civilisation will be settled—one way or the other. By then there may be no Labour Party to take power, and even no Britain at all resembling the Britain of to-day. In the present state of the world it is merely futile to make plans for ten or fifteen years ahead. The question is: What is to be done now?

§ 4. A PEOPLE'S FRONT

ONE FREQUENT ANSWER is that Labour should at once make an electoral arrangement with the Liberals, each Party agreeing to stand down in those constituencies in which the other seems to have a better chance. But this is the wrong way of approaching the problem. It is very doubtful whether a mere electoral compact—to say nothing of the fact that there is under present circumstances no immediate prospect of an election—would even result in the winning of seats. If Labour and Liberalism merely made what looked like a vote-catching arrangement, a good many Labour voters would refuse to vote Liberal and a good many Liberals would refuse to vote Labour. There might even be a serious split in the Labour Party. Certainly there would be a great many local breakaways, an accession of strength to the Communists and the I.L.P., and a great deal of sulking in the tents on the part of active Party workers. The total vote of the two parties together might be considerably smaller than they could poll separately. They might lose instead of winning seats.

A People's Front. Yet an electoral compact, including not only Labour and Liberal, but every element which is prepared to collaborate on the basis of a common policy in a People's Front, is clearly at some stage indispensable—for without it a "Left" majority cannot be won in time. The point is that such a compact ought to come second and not first. The essential first step is to formulate a workable immediate policy capable of uniting the forces of the "Left." An electoral compact will then emerge as the natural sequel to an agreement about what is to be done.

Clearly the Labour Party, which constitutes by far the most powerful element on the popular side, must take the lead if a British People's Front is to be made at all. If the Labour Party stands aloof we shall get only more amiable futilities, which at best can achieve no more than some comfort for the well-meaning persons who take part in them. The next word is with the leaders of the Labour Party. Everything depends on their ability to realise that we are now faced with an emergency so terrible that all existing policies and attitudes have to be reconsidered in the light of it, and that what was right in the past is no clue at all to what is right now.

The creation of a People's Front, such as the French, more cruelly pressed by the emergency than we are as yet, have made already for the defence of peace and democracy, is something psychologically quite different from a mere electoral compact. A People's Front involves new thinking and a new appeal, and therewith the formation of a new programme which is not merely a selection of agreed items from the programmes of the co-operating parties, but a new way of facing an essentially new situation.

We have to think in terms of the individual voters to whom we are making our appeal. Our programme and the policy which lies behind it must be of such a character as to win over a great mass of unattached voters in the new industries and services and on the new housing estates—voters for the most part untouched by Trade Unionism and wholly devoid of respect for the managers of either the

Labour or the Liberal Party. At present neither Labour nor Liberalism commands the support of these key groups; and a mere combination of the two party machines, without either of them having anything essentially new to offer, would be most unlikely to meet with any better success.

The Importance of Foreign Policy. As we have seen, the key to the making of this new appeal is to be found in foreign policy; for it is in the international field that the essentially new situation has arisen. To-day home policy depends on foreign policy; and, given the right foreign policy as we have endeavoured to define it earlier in this chapter, the correct home policy will follow for the most part almost as a matter of course.

For the electors who value peace and democracy are the same electors as set most store by human happiness; and in the interests of the happiness of the people it is in general plain enough what needs to be done. The mass of the population needs more and better houses, more and better food, more and better health services, education and civic amenities. But the people cannot have these good things without higher incomes: nor can the incomes of most of them be raised more than a very little unless total production is increased. Production, in its turn, cannot be much increased without an economic plan designed to secure the full use of the available resources of labour and capital, or without a reversal of the restrictive policies which are bound up with the present working of the profit-making system. The entire social programme hangs together; and collaboration, even if it begins with agreement only on a very limited immediate platform, will lead on speedily from one thing to another.

The Objectives of a People's Front. Not even a beginning, however, can be made without a new orientation of the forces of the "Left." There must be a policy, embodied in an immediate programme, capable of uniting the great

majority of those whose interests are, fundamentally, on the side of peace and social betterment. It follows that this programme can be neither one hundred per cent Socialist nor designed to appeal exclusively to wage-earners. It must attract those who live by salaries as well as the wage-earners, non-unionists as well as Trade Unionists, those who value peace and mildly desire social reforms as well as ardent believers in a complete change of social system. In order to achieve this, it must be limited to immediate and clearly practicable objectives, such as an incoming Government of the Left could reasonably hope to carry out under the existing conditions and within a comparatively short time. It must not hold out the promise of a social Utopia, but only the prospect of a limited advance and a successful confrontation of immediate dangers.

At this point some will cry out that a limited programme of this sort involves an abandonment of Socialism—even a betrayal of the “cause.” There would be something to be said for this view if there were really any prospect of getting Socialism merely by crying for it. But there is none, as matters stand. The immediate task for Socialists, as for all the elements that belong in any sense to the Left in politics, is even more one of defence than of attack. If we go on merely crying for Socialism, so far from getting it in the near future, we are much more likely to forfeit our chance of getting it at all, or at least of getting it without a prior descent into the abyss. There may be some who are attracted by the prospect of building up Socialism amid the ruins of a derelict civilisation laid waste by war and Fascism—of descending first into the bottomless pit in order to have all the more glory by climbing out of it in the end. But assuredly these mortifiers of the flesh are in a tiny minority. Most Socialists want to build Socialism, if they can, not amid the ruins of humanity, but upon the basis of what has been already achieved.

To advance a limited programme is not to abandon Socialism, or to stop preaching it. The Socialist can, and must, continue to demonstrate that there is no way, short

of Socialism, of releasing the forces of plenty, and establishing the means of good living for the whole people. He can do that, and do it the more effectively, if at the same time he demonstrates his practical common sense by a preparedness to collaborate with half-Socialists, and even with non-Socialists who are prepared to go some of the way with him, and to join with him in the defence of existing things that he values. He must be ready to do this, if there is any realism in him at all. For, at any rate in Great Britain, the hope of advancing towards Socialism rests on the preservation of two things that are now under immediate menace—world peace and the valuable, though partial and ill-adjusted, institutions of political democracy. It is well worth while for Socialists, while they continue to preach Socialism, to join hands with all who are prepared, in the present emergency, to rally to the defence of these two essential things.

The People's Front in France. In France to-day this union of forces has come about. Radicals, Socialists, Communists, and a number of lesser groups have joined forces in a People's Front which has ousted the reactionaries from office, and established itself in power. This union of the forces of the Left goes forward on the basis of an agreed and limited programme of economic expansion and democratic defence, including concessions to the workers in wages, hours and the extension of Trade Union power, and therewith a policy of regulating prices in the interests of the entire body of consumers. This People's Government has already curbed the power of the Bank of France, and established the beginnings of public control over the armament-makers. It has conceded advances in salaries to public employees, and helped the Trade Unions to raise wages in private industries. It is in process of establishing the 40-hour week; and, since it took office, Trade Union membership in France has practically doubled. The Government of the People's Front is not establishing Socialism; but it is consolidating the power of democracy

and laying foundations for further advances towards Socialism along many lines. Moreover, it stands ready, if other Governments will but join it in the task, to play its part in building up an international system of pooled security for the preservation of peace. If Great Britain were but acting whole-heartedly with it, the League of Nations could be made into a reality, and a solid bloc of peace-loving countries could be created as an effective check upon Fascist aggression and militant nationalism throughout the world.

In this People's Front, each constituent party or group remains free to advocate its own policy. The Socialists go on preaching Socialism, and the Radicals their various brands of Radicalism, from individualism of the petty bourgeois kind to half-Socialism. This divergence of view does not prevent collaboration in the immediate tasks, though of course it involves friction at times. The overriding sense of emergency and the limitation of the programme to immediate objectives suffice for the time to hold the allies together. A conjunction of this sort is, no doubt, easier in France than it can be in Great Britain, because the French elections are conducted on the principle of the "second ballot." This means that each party remains free to put forward its own candidate in each constituency, and to assert its own policy as well as the agreed programme. Only when the state of opinion in each area has been tested at the first ballot need the whole of the Left unite to return the candidate who stands the best chance of success. Under this system, an electoral pact is relatively easy, for it involves fewer sacrifices.

And in Great Britain. In Great Britain, on the other hand, there is but a single ballot; and accordingly a pact involves, at least for one election, that a large number of "democratic" candidates must stand down. It need, however, involve this only once, if the alliance succeeds; for a British People's Front will do well to place the institution of the "second ballot" in the forefront of its programme.

A definite decision to do this would undoubtedly make far easier the creation of a British People's Front. But, in any event, the difficulties are bound to be considerable, for it cannot be easy to persuade local groups which have put in hard work in tilling unfavourable electoral ground to withdraw their candidates even from a single contest. Only a really strong sense of danger and emergency will persuade the elements which make up the British Left to form a common front. The Labour Party has not abandoned its long-cherished hope of falling heir to Liberalism, and winning a majority for its own nominees, without inconvenient allies to share the fruits of victory. It is afraid, on the one hand, of scaring off timid supporters if it accepts the Communists as its friends, and, on the other, of driving its own Left wing towards the Communists if it accepts the Liberals. It hankers, very naturally, after an electoral majority of its own; and its leaders are still apt to underestimate both the difficulties in the way of a majority and the danger that, while they are wooing the people, democracy itself may be swept away.

Let us face facts. The country cannot be won for the Left either on a purely Trade Union appeal or by the intensive exploitation of the Means Test, unpopular as it deservedly is. All over the country the great majority of the people are poor; but they are not desperate. Great Britain, thanks mainly to her vast economic resources and to her wealth inherited from the past, has been able to ride the storm of world depression with comparatively little present damage, and even with some temporary advantage in the purchase of cheap imports from impoverished countries. Outside the depressed areas there is not much positive hunger, which is a different thing from malnutrition, and not much dire distress. There is in consequence some disposition to say that the British people, having come through the economic crisis better on the whole than most other peoples, will be wisest to leave things as they are and to avoid all rash and untried experiments. Undoubtedly this attitude counted for a great deal in the General Elections

of both 1931 and 1935. For the moment, the Socialist part of the Labour Party's appeal makes on the whole against electoral success, because to try for Socialism now looks too dangerous an objective with the world in its present state, and too likely to provoke catastrophic retaliation.

There are many who say to-day that, if we try for Socialism, we shall only precipitate the advent of Fascism, because the rich will stick at nothing when their very survival is at stake, and, if it comes to a frontal battle between armed capitalism and the unarmed proletariat, capitalism will be bound to win.

Undoubtedly these fears carry great weight with the doubtful electors. But they would count for much less if the electoral appeal were made on the basis of a limited and plainly practicable programme of reforms. For it would be far more difficult to make a limited programme the excuse for instituting a Fascist dictatorship; and many electors who have too little faith or imagination to be Socialists, or to rally to the support of Socialism, can be made to understand well enough a limited programme devoted to their immediate concerns. If the British people, or any other people, is to be converted to Socialism, it will be converted by linking Socialism to its immediate needs, and not by demanding of it an imaginative and intellectual effort that is beyond its power.

But if the immediate programme that is to be offered to the people is to embody not Socialism, but only a limited number of reforms, and is to put first, even above all reforms, the defence of peace and of democratic institutions in the existing crisis, the Labour Party is ill-fitted to become its exclusive champion. Everyone who is prepared to rally to the defence of peace and democracy and to support a limited programme of social reformation must be given the chance of voting for the Left, without thereby pledging himself to the full Socialist creed. If the danger of peace and democracy is as pressing as we believe it to be, there will exist a readiness to take action against this

danger, not only among convinced Socialists and Trade Unionists, but among the great majority of active citizens —potentially among all, except the few who either love war for its own sake, or hope to make fortunes out of war, or are looking forward with pleasure to being among the dictators, great or small, when democratic institutions have been swept away.

§ 5. A PROGRAMME SUGGESTED

WHAT, then, are the essential constituents of the new democratic programme on which the new People's Front is to be based? First, and most important of all, an international policy of democratic defence designed to impose an effective check upon Fascist and militarist aggression and therewith to bind together the co-operating nations economically as well as politically into a solid league of progressive peoples. Such a policy must include military as well as economic and political collaboration; for its chance of success, as well as the prospect in each country of keeping expenditure upon armaments within tolerable bounds, depends on a real pooling of defensive forces. But it is of the first importance that this international collaboration should be economic as well as political; for common action will be far better assured if the nations concerned in it are linked together by mutual economic bonds than if each of them is following an independent policy of economic nationalism. We cannot at present bind the world together into an economic league for the planning of production and exchange upon a reasonable international basis; but we can at any rate provide the beginnings of an international system capable of transcending State boundaries and preparing the way for the world federation of free peoples,

Domestic Policy of a People's Front. On this paramount issue there is no room for ambiguity; for all else depends on it. The domestic part of the programme must not be ambiguous either; but here the letter matters less than the animating spirit. There are so many things to be done in order to improve the condition of the people that, apart from a very few indispensable matters, it is of secondary importance what is done first.

In the domestic part of the programme we need, therefore, stress only a very few points. The first of these is that the treatment of the unemployed must undergo radical revision. There must be an intensive effort to set as many of them as possible to useful work, and to revive the economic activity of the depressed areas; and with this must go an abandonment of the detested family means test and the substitution for it of maintenance at a decent human standard of life. A second indispensable plank in the domestic platform is a reversal of the existing policy of continual encroachment on civil and political liberties. This involves the repeal both of the Sedition Act and of the Trade Union Act of 1927, and also a reorganisation of the police and of the system of justice on more democratic lines. A third plank must be the transference of the controlling voice in matters of economic policy from the privileged monopolies of profit-makers who now enjoy it to representatives of the consuming public.

Of course the domestic programme of a People's Front must include much more than this. But its precise content can hardly be settled in advance. It must emerge as a result of consultation among those who are drawn together by the democratic impulse in face of the present crisis in world affairs. If we have ventured by way of conclusion to set out the tentative draft of a People's Programme, it must be understood as no more than the expression of a personal view which might itself be largely modified as a result of contact with the various groups and individuals who would be the prime movers in a People's Front.

A Suggested Programme. Here, at any rate, for what it is worth, is our tentative draft:

(1) An immediate improvement in the treatment of the unemployed and their dependants, up to a standard which will guarantee the means of adequate nutrition to both children and adults, and will leave over a reasonable surplus for unavoidable wastages and for some enjoyments.

(2) A determined attempt to develop new industries and new employments in the depressed areas, on the basis of a real institution of regional economic planning, involving effective public control over the localisation of new industrial enterprises.

(3) An effective assurance, to be implemented by the reform of the Bank of England and of the banking system, that the national credit will be administered with a view to national economic needs and in harmony with the dictates of an economic plan devised under public control.

(4) A policy of production directed to the expansion of output and consumption, and not towards restriction in order to maintain profits. This must include public control over the price-spreads at various stages of production and distribution and over the price policies of capitalist combines. More fundamentally, it must involve a change in the structure of the existing marketing schemes, so as to place the final control in the consumers' hands, and a reversal of the policy of granting subsidies to capitalist industries without adequate public regulation.

(5) In relation to foreign trade, a steady lowering of barriers against imports, especially by means of bilateral low-tariff or no-tariff bargains and the conclusion of arrangements for economic co-operation with other democratic countries; and therewith the reconstitution of the Import Duties Advisory Committee in close relationship to the new institutions needed for the supervision of a general policy of economic planning.

(6) The effective raising of the school-leaving age at once
PB*

to 15, without exemptions and with adequate maintenance grants; and at the same time the institution of a *voluntary* system of retiring pensions at an adequate living standard for all ageing workers, insured or uninsured, who either belong to a depressed industry or can show that they have been unemployed for more than, say, two years out of the past six.

(7) The reintroduction of public works as a means of increasing economic activity; and especially (a) a new housing campaign, designed to provide houses to let within the means of the poorer families; (b) a rapid improvement in the public health services by means of better water supplies, public provision of hospitals and other medical accommodation, and the extension of medical benefits to the dependants of the insured population; and (c) a greatly extended provision under public auspices of playing fields and open spaces and of social and recreational centres, both on new housing estates and in the older urban areas.

(8) The development and extension of the minimum wage system so as to make unlawful the employment of any person in any occupation at less than an approved minimum wage; and therewith the grant to the wage-fixing authorities of the power to fix hours of labour, with an over-riding maximum of 44 hours, and an instruction to apply the 40-hour week over the widest practicable field.

(9) Compulsory reorganisation of the basic industries under the control of publicly appointed Boards or Commissions responsible to Parliament and empowered to acquire, subject to reasonable compensation on a basis of prospective net revenue, properties now in private hands. This control should extend at least to the following industries: armament-making, steel, coal, electricity, rail and road transport, shipping, docks, cotton, the manufacture and import of essential foodstuffs, building and insurance. It is not proposed that all these industries should be immediately "nationalised," but that each should at least be brought under the general control of a supervisory

public authority acting in conformity with the general directives of a national economic plan.

(10) An agreement to take all necessary steps to abolish the House of Lords on the first attempt by that body to obstruct the carrying out of the agreed programme.

(11) The suppression of political uniforms and private armies of every sort, and effective guarantee of the rights of free speech and public meeting through the activities of a reformed and democratised police; a revision of the laws relating to public assembly, libel and slander, and other matters affecting personal and political freedom, and the repeal of the Trade Union Act of 1927 and of the Sedition Act.

(12) A reform of the electoral system designed to reduce permissible expenditure, to abolish the use of motor vehicles for carrying the voters to the poll, and to institute the "second ballot."

Finally, as a logical sequel to the adoption of an agreed programme, there should be an electoral agreement among the groups constituting the People's Front. Pending the adoption of the "second ballot," this might include an agreement to conduct wherever possible a trial ballot among their combined supporters in any given constituency before the General Election, on the understanding that the successful candidate in this trial election should receive the united support of the People's Front at the election itself.

Conclusion. It may be argued that parts of this final chapter have strayed a long way from the ostensible subject of this book. But the condition of Britain, while it can be *described* in isolation from other factors, cannot be considered apart from these factors when it is a question of what is to be done. If we want social betterment, we must create, both here at home and as far as in us lies in the world as a whole, the psychological conditions which will make betterment possible. Social conditions will not be

made better except in an environment of democracy and peace. If we want a healthier and a happier Britain, we must take our stand courageously with the world forces which are on the side of the happiness and well-being of the common man.

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